CALIFORNIA **2021** NEVADA $30

TRENDS®

IN AGRICULTURAL LAND & LEASE VALUES

California Chapter ASFMRA
Western Ag Professionals

Presented by the California Chapter, American Society of Farm Managers & Rural Appraisers

TRENDS® 2021

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Gatzman Appraisal — Oakdale, CA

Tiffany Holmes, ARA
Edwards, Lien & Toso, Inc. — Escalon, CA

Todd Combs, ARA
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The Mendrin Group — Fresno, CA

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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 (AAC). 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 second 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, the state's premiere organization for rural real property professionals, provides an important link for professionals through an affiliate membership category — Friends of the Chapter. Friends is intended for those working in agribusiness outside of appraisal, farm management and consulting. Attorneys, accountants, lenders, real estate brokers, estate planners, farm advisors, farmers, PCAs, title officers and more are examples of our Friends! The cost is just $150 per year and includes a copy of the Trends® report, discounts to all Chapter conferences and seminars, and all member communications. Friends of the Chapter benefit from a relationship with a targeted community of influential professionals focusing their efforts on the agricultural industry.

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 honored to present the 2021 issue of *Trends® in Agricultural Land & Lease Values*. This year represents the 31st anniversary of this highly renowned publication. Covering the states of California and Nevada, the California Chapter's Trends® publication is a valuable resource for agriculturalists, appraisers, farm managers, investors, lenders, real estate professionals, and agribusiness. The annual production of Trends® is truly a team effort and we are proud of the work by our contributing members who volunteer their time to serve on the California Chapter's Trends® committee. We are also appreciative of our Trends® sponsors for their financial support, which enables the California Chapter to compile and present this valuable information to agriculturalists throughout the country.

Each spring the Trends® publication is released in conjunction with the California Chapter's Outlook Agribusiness Conference. The Outlook Conference will be virtual again this year due to COVID-19 restrictions and additional breakout sessions have been added for regional Trends® discussions. The California Chapter's mission is to empower agricultural property professionals with education and expertise to provide premier agricultural valuation, management, and consulting services. The annual release of Trends® and our Outlook Agribusiness Conference reflect our continuing commitment to serve the agricultural community.

Since 1991, the California Chapter has published Trends® annually thanks to the efforts of many dedicated professionals. We would like to recognize Janie Gatzman, ARA and Tiffany Holmes, ARA for their outstanding leadership as co-chairs of the California Chapter's Trends® committee. After eight years as co-chairs, Janie and Tiffany have decided to pass the baton to Todd Combs, ARA, and Josh Mendrin. A special thank you to Janie and Tiffany for their many years of leadership and dedicated service in producing the California Chapter's highly desired Trends® report. Also, thanks to all serving on the Chapter's various Trends® regional committees along with Suzie Roget our Executive Vice-President who manages the process and Liz McAfee our publication graphic designer.

Our sponsors are essential partners in producing the California Chapter's Trends® publication. The financial contributions of these companies and individuals has enabled the California Chapter to invest in publishing a high-quality professional presentation. This year's sponsors are listed towards the front of the report and we encourage you to give them strong consideration for their goods and services.

Thank you for supporting the California Chapter ASFMRA. If you would like to hear more about the exciting opportunities the Chapter has to share with you, please check out our website at www.calasfmra.com. Additional copies of Trends® are available in both print and electronic formats from the California Chapter website or call Suzie Roget (209) 368-3672.

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California Chapter of the
American Society of Farm Managers
and Rural Appraisers, Inc. (ASFMRA)
P.O. Box 838 Woodbridge CA 95258
(209) 368-3672 info@calasfmra.com
www.calasfmra.com

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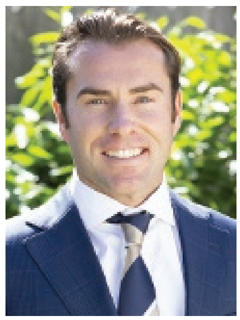
WELCOME

A MESSAGE FROM THE 2021 TRENDS® CO-CHAIRS

Welcome to the 2021 *Trends® In Agricultural Land and Lease Values*, now in its 31st year of publication. We thank you for your interest in the premier publication of annual agricultural land and lease value trends for California and Nevada. It has been an honor to co-chair the California Chapter's flagship journal for eight years with our two-woman team, but this year we decided it was time to pass the torch: we're happy to welcome Todd Combs, ARA and Josh Mendrin who have joined us as co-chairs and will be taking over the coordination of *Trends®* going forward. We know we leave this storied publication in good hands!



Each year, countless hours of effort go into putting this publication together from volunteers throughout California and Nevada. We would like to recognize and thank our regional chairs: Kyle Dalrymple, Nick Cadigan, MAI, 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 and their committee members deserve our collective gratitude.

Please take a moment to recognize and patronize our sponsors, whose ads appear throughout *Trends®*. Their support enables us to create a sleek and professional publication to share with you. We are grateful for their participation over the years and hope they continue to be partners in *Trends®*. Suzie Roget and Liz McAfee also deserve recognition for annual efforts to bring this publication to you, as do the teams who preceded us in heading up the momentous task that is assembling *Trends®* each and every year.

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. Always engage an ASFMRA-trained professional to determine the value or lease rate of a specific agricultural property. 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.

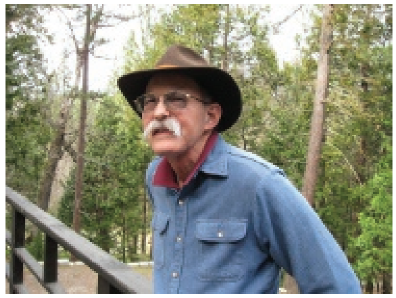
Thank you again for your interest and support, we hope you enjoy the 2021 issue of *Trends®*!

Sincerely,

Tiffany Holmes, ARA, Janie Gatzman, ARA,
Todd Combs, ARA and Josh Mendrin
2021 Trends® in Agricultural Land & Lease Values Co-Chairs

MEMBER TRIBUTE

LYNN RICKARD, ARA



As Trends® Co-Chairs it is our honor to recognize Lynn Rickard, ARA, for his 28 years of service to the Trends® publication. Trends® was first assembled in 1990, and for the first several years the data presented was compiled by a single volunteer. Then in 1993, the year after Lynn earned his ARA, there were enough newly-accredited appraisers from California for one to volunteer from each region. Lynn represented Region 5 (San Joaquin Valley-South) in 1993. For the next three years each region expanded to two members: an appraiser to determine the value range and a farm manager to add a rental range. While Steve Runyan, ARA handled the appraisal side of the survey for Region 5, Lynn assisted in writing the narrative two of those years. The current larger committee structure took shape in 1997, and Lynn has served on Region 5's committee formally from 1997 through 2021. Summing up the impact serving on a Trends® committee had on his career, Lynn said *"Like so many California Chapter activities, I have benefited from being on the committee primarily from the networking opportunities, which led to new assignments along the way."* During his nearly three decade tenure Lynn watched Trends® evolve from "only 10-12 black and white photocopied pages of mostly Excel spreadsheets stapled together" to the 100+ page full-color bound publication it represents today. Throughout its many iterations, the value of Trends® has always come from the knowledge and experience of dedicated professionals like Lynn. Thank you, Lynn, and best wishes on your next chapter as you settle into retirement.

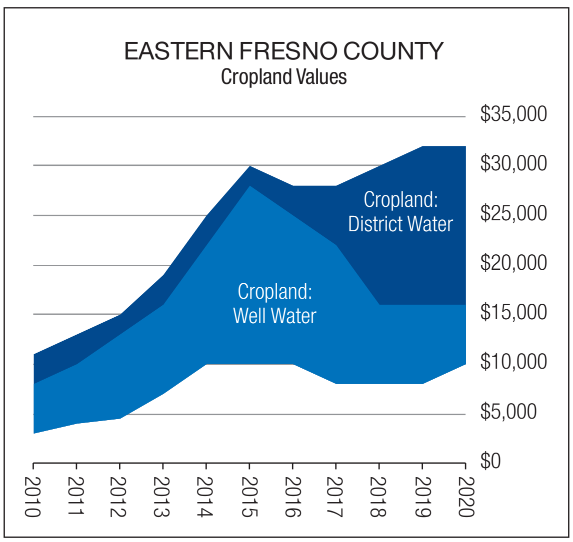
JANIE GATZMAN, ARA & TIFFANY HOLMES, ARA

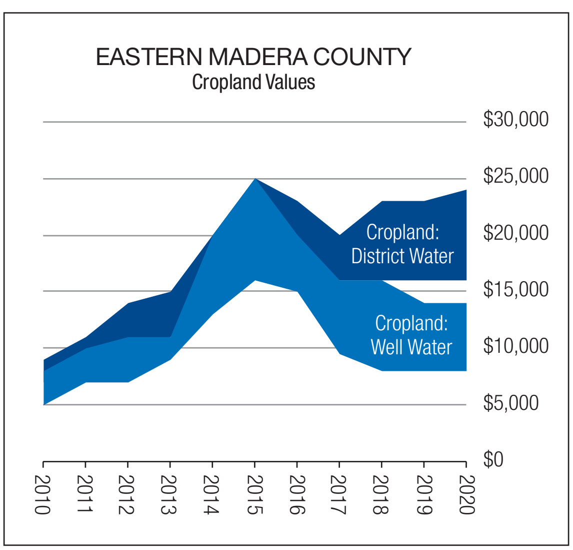
The California Chapter, ASFMRA wishes to thank Janie Gatzman, ARA and Tiffany Holmes, ARA for their eight years at the helm as Co-Chairs of Trends® in Agricultural Land & Lease Values. Their dedication to this volunteer effort has brought the publication to the highest level of quality and professionalism. Their unwavering commitment to Trends® year after year is to be commended, and is appreciated not only by the Chapter but by our sponsors and our subscribers. Thank you.

STATEWIDE PERSPECTIVE

2020: DON'T GO CHANGING...

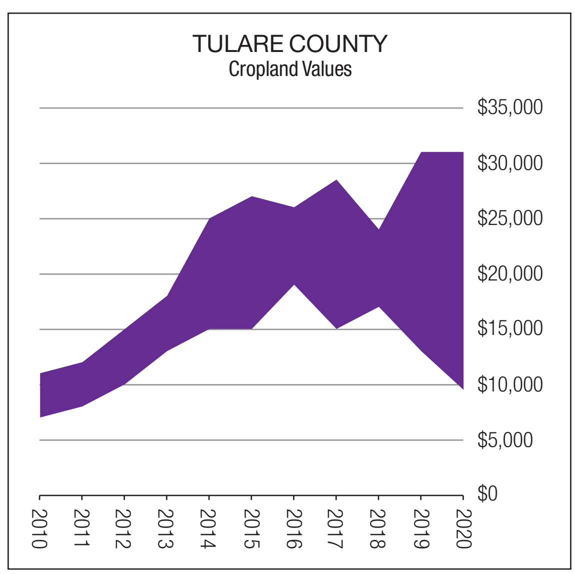
For Californians, the year 2020 was certainly one of often jarring change. From the upheaval we experienced in our personal and working lives due to the COVID-19 pandemic, to summer BLM demonstrations that touched every corner of the state, followed by a tumultuous presidential election and holiday lockdowns, we lived a different reality in 2020 than 2019. Agricultural land values, however, were largely untouched by the momentous changes of 2020. Rather, it was a year of stability in most markets. Major crops like wine grapes, almonds, walnuts, and even most cropland markets showed very little change from the prior year, despite the much-anticipated completion of Draft Groundwater Sustainability Plans (GSPs) for nearly all San Joaquin Valley groundwater sub-basins (and all other high-priority, critically overdrafted sub-basins in the State). That's not to say the Sustainable Groundwater Management Act (SGMA) didn't impact land values in 2020 — it just takes a closer look at the data to find the impacts this year.





Though Cropland values were generally stable in Eastern Fresno and Madera Counties in 2020, these two counties continue to demonstrate the significant value impact the adoption of SGMA had on "white areas" (reliant solely on wells for irrigation). Prior to 2015, values for cropland reliant solely on well water tracked very close to values for cropland in eastern water districts. Subsequent to the passing of SGMA, however, values for well-only cropland dropped precipitously and have remained well below values for cropland with good surface water sources in these counties.

Perhaps a more illuminating example of 2020 cropland value changes due to SGMA can be found in Tulare County, where cropland values were stable at the high end but fell significantly at the low end of the range in 2020. Tulare County is comprised mainly of two groundwater sub-basins: Kaweah in the north and Tule in the south. The high end of the value range (generally $25,000+ per acre) represents primarily in-district land in the Kaweah sub-basin. The Draft GSPs for these districts have no groundwater pumping restrictions, and values there remained stable from 2019. The low end of the value range (generally $9,500 to $24,000 per acre) represents land in most of the districts comprising the Tule sub-basin, and both the high/low ends of this range declined throughout 2020. Of the six draft GSPs in this sub-basin, at least four have some level of groundwater pumping restrictions above an annual baseline calculation, with "transitional" pumping above this level ratcheted down from 2 acre-feet to 0 acre-feet in 20 years. The baseline "groundwater budget" for each GSA ranges from 0.54 acre-feet per acre to 1.83 acre-feet per acre in 2021. With surface water deliveries often falling at or below 2 acre-feet per acre in many of these districts, farmers growing dairy feed crops, almonds, walnuts, citrus and tree fruit face progressive land fallowing within 5-10 years to support continued farming of their existing

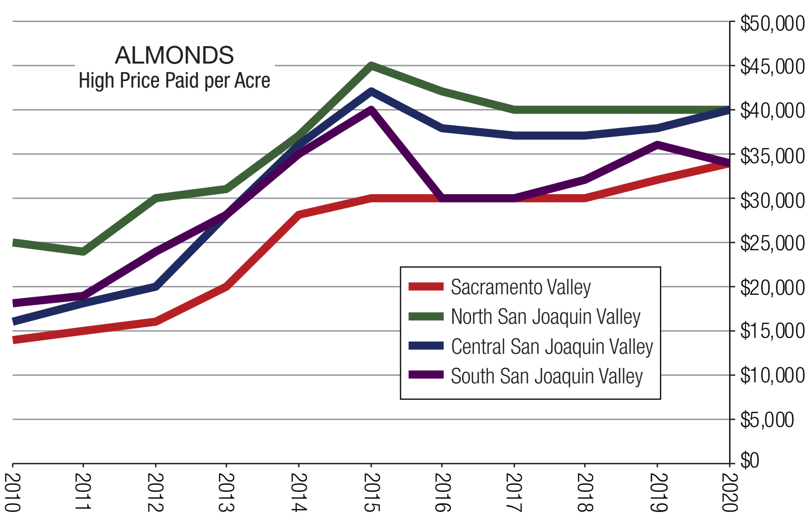


crops. Not surprisingly, land values in Tule sub-basin districts with groundwater pumping restrictions declined 10% or more in the latter half of 2020.

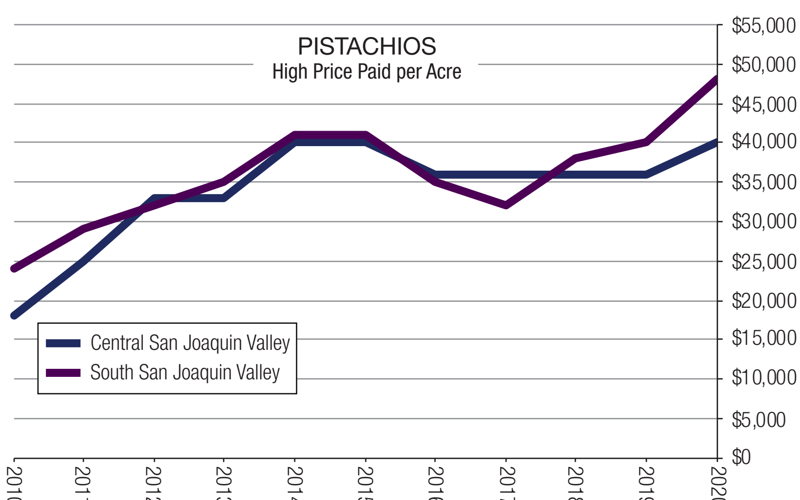
A surprising twist in 2020 land values was the value increase noted in Westlands Water District (WWD) in Region 4. The WWD GSP includes a groundwater allocation transition period, where groundwater withdrawals will be limited to 1.3 acre-feet per acre in 2022, which will be reduced by 0.1 AF each year until it reaches 0.6 acre-foot per acre in 2030. However, in 2020 WWD's ownership-acreage limit was lifted, leading to several large-acreage purchases by institutional buyers. The demand for large-acreage holdings lifted Region 4's US Bureau of Reclamation (including WWD) land values by 30% on the high end of the value range in Region 4, which was unrelated to the forthcoming groundwater pumping restrictions coming soon to WWD.

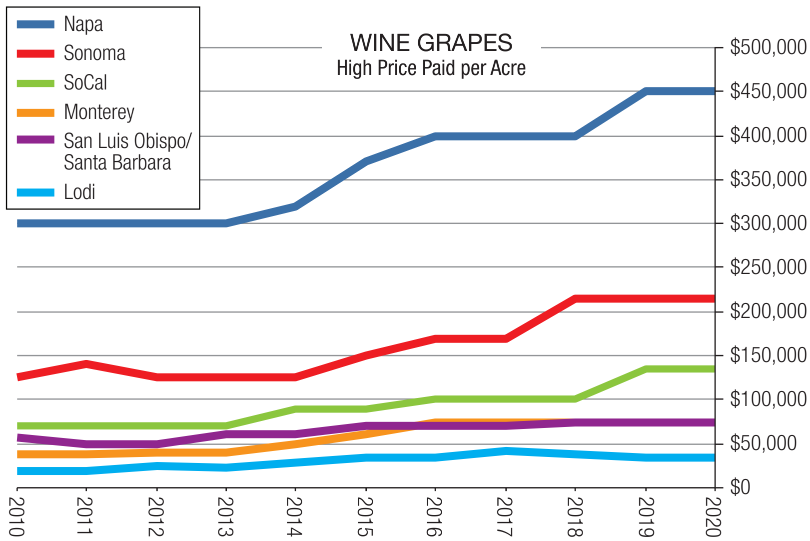
NUT CROPS

In 2020 the statewide production of all nut crops represented record highs for the State, which in turn placed downward pressure on commodity prices especially in the latter half of 2020. Almond and walnut commodity prices were at or below the cost of production in the second half of 2020, however attractive pricing for nut buyers spurred above-average shipments in the fall months to lower the record supplies on hand, despite shipment delays caused by shipping container shortages with international shipping lines. General expectations of commodity prices improving within three or so years kept almond and walnut orchard values stable throughout the Central Valley, particularly for immature orchards, though sale activity was down in 2020.



Pistachio orchards, on the other hand, showed significant market changes from the prior year. While the low end of the pistachio orchard value ranges remained unchanged from 2019, the high end of the value range increased in Region 4 by 11% to $40,000 per acre in 2020, and in Region 5 by 17% to $48,000 per acre in 2020. Transaction volume was higher than in 2019, and sales that closed or were in-contract at year-end showed continued pressure at the upper end of the value range, indicating the high end will expand further in 2021. Pistachios were the rare bright spot for commodity pricing in 2020, with crop prices lower than in 2019, but well above the cost of production. In addition, pistachios remain productive at lower water application levels than almonds or walnuts, and can withstand lower-quality water as well, thus buyers have found these orchards are a good long-term bet in areas where both surface and groundwater supplies are decreasing due to regulation.





WINE GRAPES

Wine grape vineyard values were largely stable throughout the State in 2020. The challenges facing the wine industry continued in early 2020 (large bulk inventory, uncontracted grapes, slowing sales), plus two curve balls were thrown: a global pandemic and devastating wildfires. One of those challenges eased in the second half of 2020, with bulk wine inventory returning to a more balanced position. Approaching the fall of 2020, it became clear that grape yields were below average throughout the State, while large off-premise brands were doing well and starting to tap into the bulk market to shore up supply. As demand for bulk wine started to improve the devastating wildfires were in full effect throughout the Coastal regions, resulting in even lower projections for the 2020 crop because of smoke taint. By the end of the 2020 harvest, bulk wine inventory and prices found their way back to healthier levels and demand (not prices) for wine grapes were headed in a positive direction. Regardless, grape prices for new commercial vineyard contracts have seen a correction and are more in line with prices between the 5 and 10-year average, which is a downward adjustment compared to the grape contracts written during the height of the market (2016-2018).

What does all this mean for vineyard values? In 2020 commercial vineyard sales located in well-established areas, with grape contracts and young to mid-life vine ages supported stable values. In contrast, commercial vineyards impacted by any of the following limitations indicated stable to declining values: secondary/ outlying areas, limited grape contracts, and past mid-life vine age. Sales with these limitations tended to have more motivated sellers, such as a winery looking to divest an asset because the grapes are no longer needed or a grower looking to exit the market to avoid losses going into the 2020 harvest without grape contracts.

On the Central Coast the market was active for large commercial vineyard holdings. Many of these sales were impacted by the above-mentioned limitations, with investment funds actively acquiring older vineyards as redevelopment projects (hoping to capture the grape market on the way back up). On the North Coast there was limited to moderate activity with grape contracts, varietal selection, and vine age being critical factors for commercial vineyards. Overall, the Central Coast and North Coast indicated stable to declining values throughout the Secondary and Outlying growing areas. The bright spot throughout the Coastal regions came from the rural estate market, with increased demand from city dwellers looking for vineyard estates (big house, small vineyard). Vineyards in prime growing areas also had stable values, especially those with established grape quality.

Overall, 2020 reflected California's ability to handle record supplies of the highest-value crops (either due to bumper crop yield or large historical supply on-hand), with resulting lower commodity prices that in turn help move that product through the supply chain. The stability in orchard, vineyard and land values overall, despite lower commodity prices, highlight the confidence buyers have in the long-term land market in California. When detailed land value and water regulation analysis is necessary, look to the trusted real property professionals of the California Chapter, ASFMRA to guide you through the market challenges and opportunities ahead.

Janie Gatzman, ARA
Gatzman Appraisal

Todd Combs, ARA
American AgCredit

2021 PHOTOGRAPHERS

We would like to thank the photographers who submitted their photos for the 2021 Trends® Report.

Matthew Burlile
temeculavalleywineries.com – Temecula, CA

Kyle Dalrymple
Edwards, Lien and Toso, Inc. – Gridley, CA

Ken Dodderer
Fresno First Bank – Fresno, CA

Janie Gatzman, ARA
Gatzman Appraisal – Oakdale, CA

Paige Gilligan
Risk Mitigators & Advisors – Fresno, CA

Roy Martin
Conterra Ag Capital – Fresno, CA

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Tulare Ag Products – Tulare, CA

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Yosemite Farm Credit – Turlock, CA

Mike Wright
Wright Appraisal Inc. – Sonora, CA

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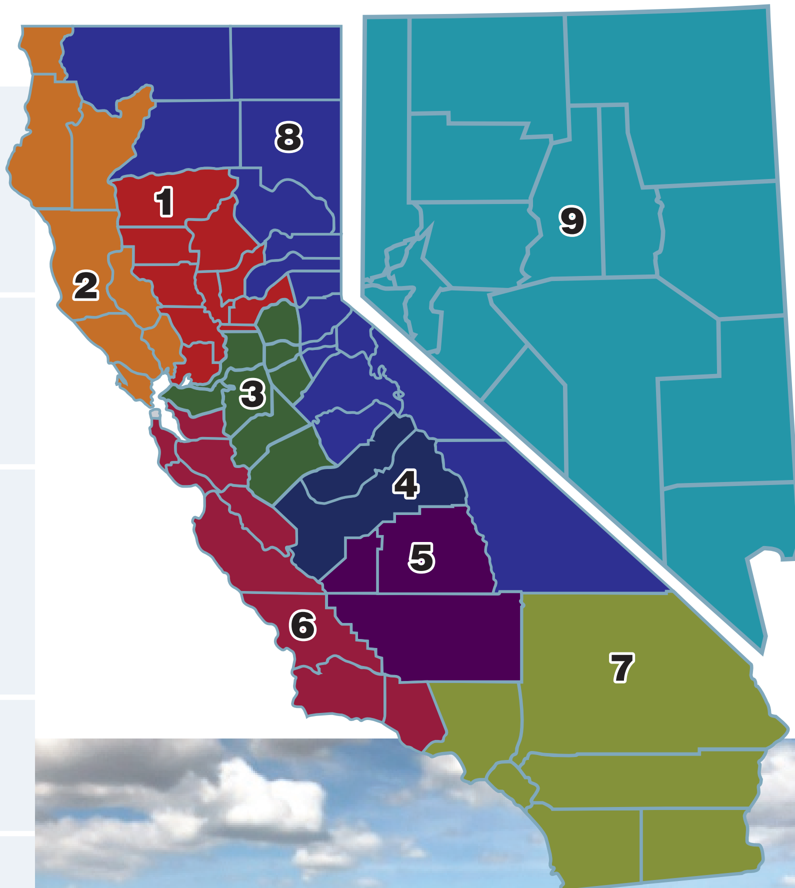

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SACRAMENTO VALLEY

1

GENERAL COMMENTS

The Sacramento Valley region saw moderate market activity in 2020, perceived as a slight decline compared to that of 2019. Precipitous decline in most nut crop commodity prices has taken some pressure off the market with noticeable slowdown in new orchard developments evident during the course of 2020. Aging peach and prune orchards continue to be removed in favor of redevelopment to competing nut crops due to their lower labor costs and superior perceived long-term commodity price outlook.

Market demand and values for good quality irrigated field/row crop land (soil class 1-3) values remain high, strengthened by continued permanent planting pressures, albeit lower than in previous years. Lower quality irrigated cropland properties (Class 3-5) with reasonable permanent planting suitability continue to demonstrate historically elevated values, yet the past year appears to show generally stabilized values, lacking the progressively increasing sale prices observed between 2017 and 2019. Areas such as southern Sutter County and western Placer County, which has historically been dominated by irrigated cropland (rice) and dry pasture are still seeing new orchard developments, mostly almonds and pistachios due to strong water supply (both surface and ground) coupled with relatively low land values (±$10,000/acre to ±$17,000/acre). Rice growers continue to experience good commodity prices in 2020, coming off three years (2019, 2018 & 2017) of generally similar favorable returns lacking the volatile fluctuations that were experienced between 2014 and 2016. Dry pasture/rangeland ranches continue to illustrate stable to somewhat strengthening land values with majority of acquisitions being from existing cattle operators.

Overall, nearly all types of agricultural properties have illustrated generally stable values at historically elevated levels during 2020. This market is continued to be primarily driven by permanent planting development as well as strong water supplies enjoyed by the majority of the region. However, the market has shown minimal interest in open land parcels over ±$20,000/acre as the correcting/stabilizing orchard crop commodity prices have greatly eroded financial feasibility for new orchard development at that land price level. Acreage 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 as well as private equity groups.

WATER

The Sacramento Valley is known for its availability of dependable and inexpensive irrigation water, which has always been a significant factor affecting land values for the majority of the region. The Valley's strong water supply is a direct result of relatively high annual precipitation and large reservoirs to capture summer snow melt. The region was 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 2019/2020 rain season, most area surface water suppliers were able to deliver full grower allotments in 2020. As of late-December 2020, the Sacramento Valley was well short of its average rainfall (±10%-15% of normal) which is beginning to spark concern for possible surface water curtailments in the coming 2021 crop year. However, several weather models suggest likelihood of strong wet weather patterns forecasted for February/March. The west side of the valley continues to see some groundwater concerns, primarily along the foothills with the majority of the valley floor considered to have reliable groundwater supplies with limited water level decline.

IRRIGATED CROPLAND

Strong demand for virtually all types of irrigated cropland properties in the Sacramento Valley area continued in 2020 with largely stabilized values observed. Some transactions are suggesting modest softening from the record prices observed over the last few years. With the vast majority of Class 1 and 2 series cropland properties (prime orchard land) having been developed to orchards over the last several years, the market lacks abundant availability of these high-quality properties and thus, sale transactions of these properties have been relatively scarce during 2020.

Water supply continues to garner increased attention within the Sacramento Valley with those properties holding dual water source beginning to show elevated demand. Out-of-area buyers are still active in this market area, primarily consisting of 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, private individuals outside of the agriculture industry and institutional investors with strong focus on water security.

RICE

Sales of properties strictly devoted to rice production were again limited in 2020 with stable to slightly increasing values observed. As 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 with greater number of sales in the lower quality rice areas of southern Sutter County and western Placer County, due to their greater permanent planting suitability. Rice commodity prices have been stable throughout the 2020 growing season. A tender was offered early in the season at $15.00/cwt. with vast majority of reported sales occurring during the summer reported between $14.00 and $15.00/cwt. (before loan) during the summer and slightly strengthening from the ±$11.00-$14.00 per cwt. of 2018. As of late-December 2020, the market appears to have largely settled near the $15.00 per cwt. range (before loan). During 2020, California rice growers were expected to harvest 510,000 acres which is an increase of ±3% from what was planted the previous year. The 2020 rice planting season enjoyed relatively favorable weather conditions which allowed additional acreage to be planted. Most areas of the valley that were seeded before late-May saw above average yields with many fields planted after May seeing significant decline in yields. The general consensus is that these later planted fields were adversely affected with blast fungus caused by excessive surface moisture from prolonged smoke presence from area wildfires during kernel maturation. Virtually all demand for continued rice use is constrained to existing area rice growers looking to expand their operation with some orchardists in search of acreage which may be adaptable to permanent crops, mostly on the far edges of the traditional rice growing areas. 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 typically equate to elevated prices.

WALNUTS

2020 has been an unfavorable year for walnut growers. Due to a combination of record crop size coupled with strong US Dollar, international tariffs and trade disruption due to the COVID-19 pandemic, walnut growers are experiencing severely depressed prices, reported to range from $0.40/lb. to $0.75/lb. The 2020 California Walnut Objective Measurement Report stated that the 2020 California walnut production is forecast at a record 780,000 tons, up approximately 19% from the 653,000 tons realized in 2019. This forecast is based on 380,000 bearing acres. Chandlers remain the world market favorite and the most produced variety in California, comprising approximately 50% of the total production, followed by the Howard and Tulare varieties. The Solano variety is garnering interest due to its Chandler-like quality and early harvest time. Demand for good quality walnut orchards remains strong in the Sacramento Valley, with significant demand coming from outside individual/group investors as well as large private equity groups. There was a limited number of walnut orchard transactions in 2020, with several high quality orchards selling between $30,000 and $35,000 per acre. Older or lower quality orchards are generally illustrating values between $20,000/acre and $27,000/acre.

ALMONDS

Almond production has grown rapidly in Northern California in recent years. The combined almond production for Colusa, Glenn, and Yolo Counties has increased 39% over the past five years. Rising per acre yields and historically favorable 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 $2.50 per pound from 2016/17 to 2019/20. Grower prices are expected to decline in 2020/21 due to a record crop. The top five almond producing counties in the Sacramento Valley are Colusa, Glenn, Yolo, Butte, and Tehama. Leading varieties for existing Sacramento Valley almond acreage include Nonpareil, Butte/Padre, Monterey, Carmel, Independence, and Fritz. The new self-fertile Independence variety has been widely planted in the Sacramento Valley over the last several years. The majority the Sacramento Valley's non-bearing almond acreage is in Colusa, Glenn, Butte, and Yolo counties.

The demand for almond orchards is strong in the Sacramento Valley area. With historically 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 most recent drought, which focused attention on the reliability and cost of irrigation water.

PRUNES

The California prune market experienced weaker commodity prices in 2019 with an average price of $1,510 per dry ton. There has been a declining trend in prices for the last five years. The 2020 crop year is not yet complete but current estimates are for an average price of around $1,800 per dry 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 42,000+/- acres, the lowest level in over 50 years. The non-bearing acreage is estimated at 12% of the bearing acreage, or approximately 5,000 acres. Over the last ten years, Statewide prune production has ranged from a low of 54,000 dry tons in 2016 to a high of 138,000 dry tons in 2012. 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 dry tons to over 200,000 dry tons with record lows reported in 2004 and 2016. The 2019 crop, which had generally good growing conditions, came in at 110,000 dry tons, or 2.50 dry tons per acre. The 2020 crop is currently estimated at 50,000 dry tons, or 1.19 dry tons per acre, a possible ten-year low. Currently, there is a global oversupply of prunes (estimated at a one-year supply), 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. Small crops this year in both the U.S. and South America should help reduce this oversupply. Tariffs are also suppressing demand on the U.S. crop. Additionally, the cost of shipping containers doubled in 2020 due to COVID related issues. Marketing efforts have been increasing, particularly with new studies showing greater health benefits from prune consumption. New varieties are being tested to extend the harvest time, having the product partially dry on the tree, and help reduce the drying ratio.

Demand for prune orchards in the region strengthened slightly within the past five years due to substantially improved commodity prices and reduced orchard supply due 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 sales, which may be an indication of 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 2020 cling peach crop stayed on trend with deliveries totaling just 246,477 tons, down 6% from the previous years' totals. The average per acre production was at 15.4 tons, the lowest since 2006. As production continues to plummet, prices continue to rebound. The California Canning Peach Association negotiated two different prices for the first time since the mid-1990s. The base price for Del Monte, Wawona, Frozen Foods, and Dole was negotiated first at $492 per ton. The base price and pricing structure for PCP was negotiated 24 days later with a base price of $497.50 per ton. In recent years, new labor laws and an increased 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. Producers and the California Canning Peach Association are urging growers to remove Late and Extra Late varieties as those are currently saturating the market. Both Del Monte and PCP renewed contracts on a very limited basis and only for a single year (2020). As of early December, bearing acreage going into the 2021 growing year will be down 662 acres from 2020. New plantings have drastically slowed since 2017 and acreage should continue to decrease in the future, potentially dropping as low as mid-14,000 acres by the 2022 growing season. With the market in its current state of imbalance and correction, 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 remains extremely limited.

OLIVES

Due to touted health benefits of utilizing extra virgin olive oil in cooking as well as in cosmetics and pharmaceuticals, the consumption of olive oil has steadily been on the rise. The global olive oil market is currently valued around $16,600,000 (USD) and is expected to rise at a rate of 5.8% to be worth roughly $24,730,000 by 2026. Per the California Olive Oil Council, there are 41,000 acres of olive orchards in the state of California dedicated to the production of extra virgin olive oil. There are 400 growers, 45 mills, and over 75 varieties grown, with an ample number of those located in the Sacramento Valley. The 2020 harvest was initially anticipated to have a volume of 2.5 million gallons, however early estimates indicate it won't reach that level. Due to low rainfall, the Sacramento Valley saw an average per acre production of 2-3 tons and some as low as 1 ton to the acre. The lighter crop did manage to produce higher than normal oil production with a 40 gallon per ton average while maintaining high quality standards.

Within this region, there have been very few olive orchard sales with just two table olive sales and one Super-High-Density orchard (for oil production) sale in 2019 and only one table olive sale in 2020. Sale prices appear to illustrate depressed prices, typically exhibiting slight to zero value above that of open land. While the worldwide demand for olive oil products has steadily increased over the last decade, strong foreign competition and unfavorable currency conditions have hampered profitability of California olive oil producers. The domestic market and increasing consumer awareness of California's superior quality coupled with introduction of Boundary Bend to the State olive oil market have led to strengthening commodity prices from late-2016 through 2020. The future for California olive oil production appears optimistic as consumer preference for higher quality product continues to increase, and demand for high-density olive orchards or land suitable for high-density orchard development is expected to remain stable to slightly increasing in coming years.

Approximately 70 to 80% of the ripe table olives consumed in the United States come from California with the balance being imported from Mediterranean countries. At present, there are only two commercial canneries, Bell-Carter Olive Company (Corning, California) and Musco Family Olive Company (Orland, California) processing the bulk of the table olive crops. The most popular and common table olive varieties grown are the Manzanillo, Mission, and Sevillano. In 2014, there were 23,000+/- acres of bearing table olives in California, with that number decreasing down to 16,000 acres currently. Reasons for the acreage decrease are weak income returns for table olives over the past several years coupled with strong demand for the underlying land to convert to higher income generating commodities such as almonds, pistachios, and walnuts. There were a small number of table olive orchard sales from 2018 through 2020 coupled with a limited supply of orchards for sale in the region. Most of the table olive sales that have occurred had the trees razed after close of escrow and the property redeveloped to almonds or walnuts due to their more desirable economics at the time. Overall, the current real estate market for table olive orchards is considered to be fairly stable with stable buyer demand, primarily for conversion to almonds, walnuts or pistachios.

VINEYARD

Sale transactions of established vineyard properties in Region 1 were limited to the Sacramento-San Joaquin Delta region again in 2020, and there were few sales within that area. The few known sales illustrated stable demand for most types of young, quality vineyard properties developed to favorable varietals. Lower demand and a soft market were observed for varietals in oversupply such as Zinfandel. 2020 began with a rather bleak outlook for uncontracted fruit and little notable contract activity was observed. However, the situation changed dramatically at harvest due to a shortage of available fruit brought on by the extreme wildfire activity. Smoke taint was a significant driver of market demand. Despite smoke blanketing most of California, including the Delta, most industry participants believe that Delta grapes escaped smoke damage and strong demand was seen for Delta fruit. Going into 2021 the outlook is improved and there may be opportunities to contract previously uncontracted vineyards. Location accessibility, land cost and perception of reliable irrigation supplies continue as favorable factors in Delta vineyard demand.

The impact of COVID-19 has primarily been focused on the winery segment of the industry. To date there has been no observed impact on vineyard marketing or demand. Within the winery segment the impact has been varied, depending on the market segment served and the primary marketing strategy. Overall, wine consumption has remained constant or increased during the pandemic, with consumers seeking wine for its role in relaxation. Demand has remained strong for lower priced brands retailing through third parties. At the higher end of the price spectrum the impact appears tied to the marketing strategy. Sales to restaurants and hospitality suffered due to closures aimed at containing spread of the virus. However, wineries with a significant direct to consumer marketing component report strong orders for shipping and safely distanced at-winery pick-up.

WINTER RANGE / DRY PASTURE

The 2020 season is summarized by lower sales activity levels than 2019 which had notably less activity than 2017 and 2018. The main reason cited by numerous brokers and market participants is there have been very few quality properties being offered for sale in the region. Secondary reasons include concerns about the impact of the COVID-19 pandemic and uncertainty surrounding the outcome of the presidential election which could result in significant tax policy changes.

Of the sales that occurred, price levels appear to have remained relatively flat, with rent levels remaining flat to slightly increasing. Regional brokers report moderate buyer interest and extremely strong tenant/rental demand with very few properties available to buy or rent. 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 apparent value stagnation. The consummated sales in 2020 show price levels in line with 2017-2019 values, although closed sales counts were down substantially compared to recent years. There have been very few listings that hit the market in 2019-2020 with several listings with asking prices at levels above that seen in recently closed transactions. The strong asking prices have resulted in extended marketing times, more intensive negotiations, and fewer consummated 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 those who choose to try to sell are trying to get top dollar for their properties and are generally open to very little negotiation. There are also willing buyers although they are not willing to step up to the current high asking prices which is contributing to market stagnation in this sector.

All of the known 2017-2018 sales of larger 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

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 - $14,500	Strong	Limited	Stable/Slightly Increasing	$275 - $500 – 20% - 35%
Irrigated Cropland	$14,000 - $22,000	Moderate/Strong	Limited	Stable	$200 - $400 – 12% - 25%
Winter Range / Dry Pasture	$650 - $2,500	Moderate/Strong	Limited	Stable	$10-$45/ac or $30-$45/AUM
Almonds	$20,000 - $34,000	Strong	Limited/Moderate	Stable	25% - 30%
Walnuts	$20,000 - $36,000	Strong	Limited	Stable	25% - 30%
Prunes	$18,000 - $28,000	Limited	Very Limited	Stable/Slightly Decreasing	15% - 25%
Olives	$11,000 - $18,000	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/ac
Irrigated Cropland	$12,000 - $22,000	Strong	Limited	Stable	$200 - $400 – 12% - 25%
Walnuts	$20,000 - $35,000	Strong	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 - $20,000	Moderate/Strong	Limited	Stable	12% - 30%
Irrigated Cropland: Class 3-4 Soil	$10,000 - $18,000	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%

occurred in 2016 for this use and there were none noted during 2017-2018. The trend of conversion of suitable properties to permanent plantings appears to have re-emerged with a small number of 2019 and 2020 dry pasture acquisitions being intended for conversion from dry pasture to nut orchards (predominantly almonds).

The cattle commodity market conditions in 2017 and 2018 brought some slight improvement, although optimism was relatively short lived as record high national beef herd size was reported in July 2018 at 103 million. The January 2020 herd size was reported at 94.4 million which is down slightly from the January 2019 herd size reported at 94.8 million. Despite the slight reduction in herd size, pricing concerns are still being exacerbated by many unknowns related to international trade and tariff issues, as well as disruptions in the supply chain related to the COVID-19 pandemic.

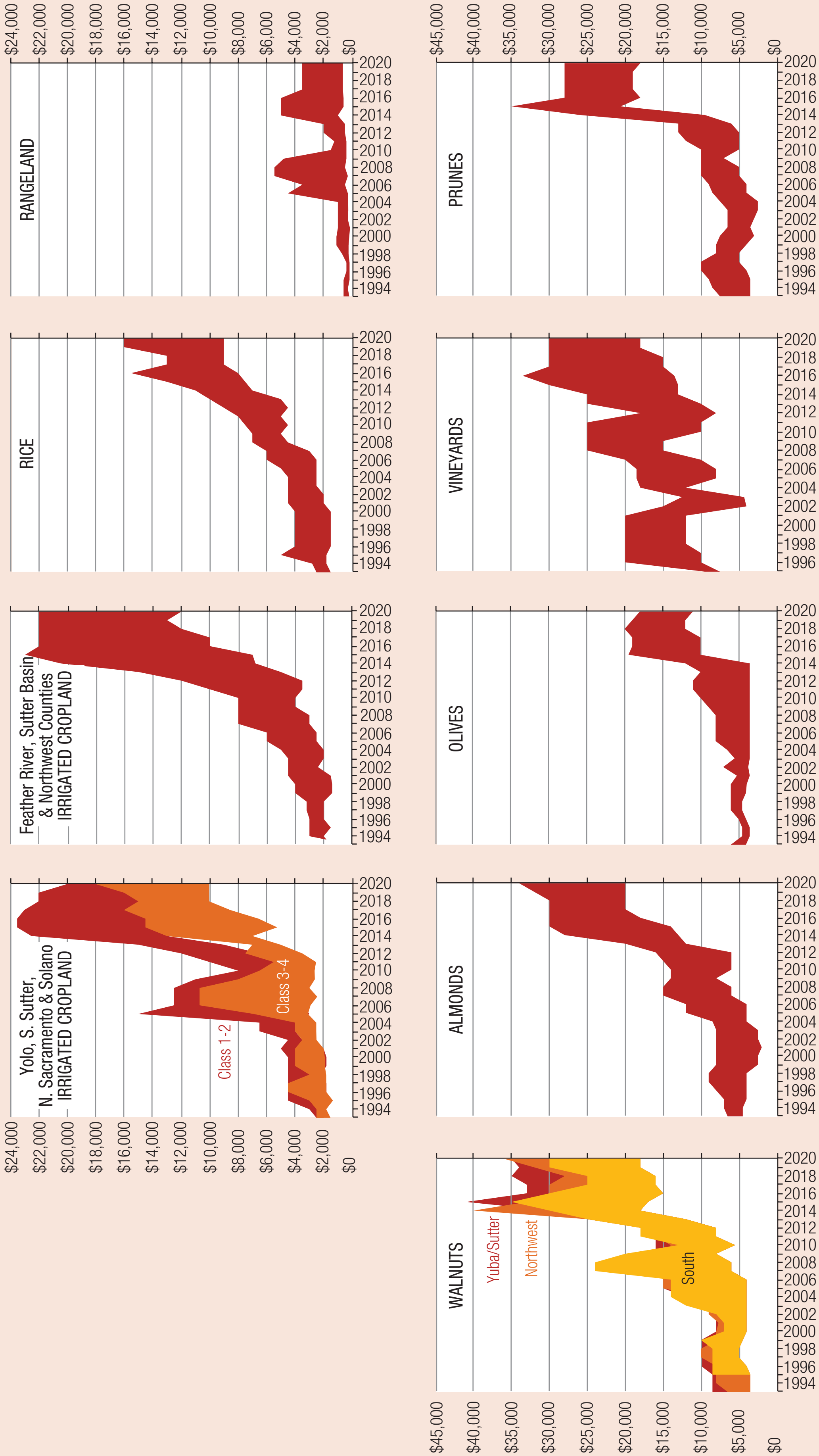
For the past several years, the buyer community has consisted nearly entirely of owner operator cattle producers. In 2018 there was one known purchase by an investment buyer with all of the 2019 and 2020 transactions being owner operator producers who continue to dominate this market. Most brokers and market participants interviewed expect the current somewhat stagnant market conditions to continue well into 2021.

HISTORICAL VALUE RANGE PER ACRE

LAND USE	IRRIGATED CROPLAND	RICE	RANGELAND	WALNUTS	PRUNES	OLIVES	ALMONDS
COLUSA, GLENN, BUTTE and TEHAMA COUNTIES (NORTHWESTERN COUNTIES)							
2020	$14,000 - $22,000	$10,000 - $14,500	$650 - $2,500	$20,000 - $36,000	$18,000 - $28,000	$11,000 - $18,000	$20,000 - $34,000
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

LAND USE	IRRIGATED CROPLAND	RICE	WALNUTS	PRUNES	PEACHES
YUBA SUTTER AREA (FEATHER RIVER BASIN and SUTTER BASIN)					
2020	$12,000 - $22,000	$9,500 - $14,000	$20,000 - $35,000	$20,000 - $28,000	$25,000 - $28,000
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

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						
2020	$14,000 - $20,000	$10,000 - $18,000	$9,000 - $16,000	$750 - $3,500	$18,000 - $30,000	$18,000 - $30,000
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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Feather River, Sutter Basin
& Northwest Counties
IRRIGATED CROPLAND
Yolo, S. Sutter,
N. Sacramento & Solano
IRRIGATED CROPLAND
Class 1-2
Class 3-4
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VINEYARDS
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NORTH COAST

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DEL NORTE HUMBOLDT LAKE MARIN MENDOCINO NAPA SONOMA TRINITY

NORTH COAST

2

OVERVIEW

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, which is less agriculturally diverse, consisting mostly of forest products, specialty dairy, and cattle.

The North Coast's diversity is attributed to the 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 industry 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 1900's, and includes Napa, Sonoma, Mendocino, and Lake counties, plus portions of northern Marin and south-western Solano counties.

Information from the Wine Institute, Gomberg & Fredrikson and Wines & Vines support about 4,500 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%), and Marin 14 (1%).

The 2019 California Grape Acreage Report, published by the California Department of Food and Agriculture and released in April, reflected a slight year-over-year decrease in wine grape acreage in California from 479,314 to 477,041, with 17,016 acres (3.6%) reported as non-bearing. The North Coast accounts for 27.8% of the State's wine grape acreage, with total acres increasing slightly from 132,314 to 132,529 acres over the past year, and only 5,183 acres (3.9%) reported as non-bearing. Napa includes 45,342 acres (34.2%), with Sonoma at 59,326 (44.8%), Mendocino at 11,470 (13.2%), Lake at 10,014 (7.6%), with Marin, Del Norte, Humboldt and Trinity counties at 168 acres (nominal).

It has now been six consecutive years the North Coast has endured destructive wildfires. Beginning in 2015 with the Valley Fire in Lake County that nearly destroyed the town of Middletown and culminating in what was the most destructive single fire season in California history in 2020. Fires came early and heavy this past year kicking off with a rare summer thunderstorm in mid-August, with the final flames extinguished in mid-November.

Combined, the August Complex, LNU Lighting Complex, and Glass Fires burned a total of nearly 1.5 million acres (not all of which in the defined North Coast region) along with nearly 4,000 structures and roughly 1,500 homes destroyed, and many more damaged. All of this destruction is on the heels of prior years' fires that destroyed over 5,700 homes in 2017 in Sonoma and Napa alone, and 1,349 homes in Lake County in 2015. But unlike the previous fires, the 2020 fires would have a significant impact on the wine grape harvest with many wineries rejecting fruit due to smoke taint concerns and numerous wineries forgoing 2020 vintages altogether. They would also exacerbate an already tight housing market still recovering from housing lost from previous fires.

COVID-19 has impacted nearly every industry in the North Coast, in particular, restaurants, hotels, tourism, retail services, breweries, wineries, etc. The impact on the wine industry was felt immediately. With the closure of tasting rooms and restaurants, on-premise sales came to a screeching halt. This had the largest impact on boutique and high-end wineries that relied heavily on these channels. Contrarily, wineries with an established distribution network or who had a strong presence in grocery stores saw sales increase. This shift in demand carried forward to the bulk wine market which had been in a state of oversupply. The inventory of bulk wine suitable for the retail channel was quickly absorbed putting upward pressure on prices, while premium bulk wine lagged behind.

The pandemic has also resulted in a major shift in housing. For many, jobs have moved from office buildings to the home, and city-dwellers have looked to abandon the congested urban areas and relocate to the suburbs. As a result, homes sales in the North Coast, particularly Sonoma, Marin and Napa counties, have surged with a large number of Bay Area residents moving out of the cities and into wine country. Much of this year's vineyard sales activity is attributed to these lifestyle buyers.

WINE INDUSTRY

2020 started amid major, across-the-board concerns with the industry: consumption trends, labor shortages, and oversupply.

Wine consumption habits have been declining brought on by a combination of heightened competition from spirits, craft beer, hard seltzer, and cannabis. In large part, wine had been losing market share and working diligently to attract new, younger wine consumers. A shift in demographics had also been contributing to this trend as aging Boomers are drinking less wine and not being replaced by younger Millennial drinkers who might prefer alternatives, are less brand loyal, or more health-conscious, preferring to drink less or not at all.

Labor continues to be an ongoing challenge in terms of availability and cost. The region's high cost of living has kept farming costs high despite decreasing demand for fruit. Furthermore, the fires over the past several years have displaced many in the wine industry and COVID-19 has restricted travel for those who would typically travel in from out of the area to assist with harvest. The trend toward mechanization of cultural and harvest practices continues wherever possible to alleviate the need for manual labor.

Another concern was the oversupplied market, caused by a record 2018 crop followed by an average 2019 crop. The 2019 crop year started with little demand from wineries which became a struggle for many growers who had trouble securing fruit contracts. As a result, much of the fruit would end up selling well below district averages in a lack-luster spot market or remain on the vine. That theme would carry forward into the start of 2020, with another story line being the record supply of bulk wine that wasn't moving.

As the events of 2020 unfolded, conditions for some improved. The spread of COVID-19 all but halted on-premise sales. Wineries who relied heavily on these channels for sales suffered while those with strong wine clubs and an established distribution channel thrived. Retail demand also helped to move the surplus of low to moderately priced bulk wine as wineries looked to move more product through this channel. It also promoted more grape contracts along this same segment. In the meantime, smaller, boutique wineries without an established retail channel would continue to struggle as would demand for premium bulk wine.

As harvest neared, the 2020 crop was projected to be somewhat below average in terms of tonnage. Mid-August brought an early start to what would become a long and devastating fire season. The fires destroyed a relatively small amount of vineyard but ignited fears of smoke taint. In the end, numerous North Coast wineries would reject fruit, and some opted to forego a 2020 vintage altogether. Growers would file crop insurance claims to shore up losses and wineries turned to the bulk market to fill the void.

By the end of the 2020 harvest year, the short crop would help to rebalance the bulk wine market and spur demand for fruit by wineries across most market segments. As the 2021 crop year begins, growers appear to have replaced the pessimism of a year ago with measured optimism. However, it is worth noting, and not lost on North Coast wineries, that the fundamental issues of decreasing consumption trends and lost market share to competing beverages has not gone away. This, along with labor challenges will continue to be obstacles for years to come.

CANNABIS/HEMP INDUSTRY

Cannabis cultivation for recreational use was legalized in California in 2016 but is still classified as a Schedule I controlled substance by the Federal Government. This conflict of legalities that include financing options, along with highly restrictive local permitting requirements, has slowed its production in the North Coast. Relatively few legal outdoor commercial grows exist in the south part of the North Coast. In the northern areas such as Mendocino, Humboldt and Trinity counties, production of cannabis is more prevalent and may compete with alternative crops as a highest and best use. Hemp, on the other hand, was legalized in 2018 by the Farm Bill at the federal level. However, it remains a fledgling enterprise with few areas in production. In all likelihood, hemp and recreational cannabis 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. There are roughly 45,000 planted vineyard acres in Napa County. The valley floor is essentially planted out. Hillside development, while attractive to most wineries for the unique flavor profiles the resulting wine can offer, is highly restricted by the county. 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 neighbors, voters, and environmental groups are making new vineyard development time-consuming, expensive, and highly speculative. A key factor that has helped Napa maintain its high vineyard and plantable land values over the past ten years is that the county is effectively planted out, with nominal land available for vineyard expansion.

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. As bottle pricing for Cabernet Sauvignon increased, so did grape prices. According to the California Grape Crush Report, the District 4 (which covers Napa County) average price-per-ton for Cabernet Sauvignon grew by 77%, from $4,480 in 2010 to $7,941 per ton in 2019. At the same time, alternative red varieties such as Merlot, Syrah and Zinfandel are all priced in the low-$4,000 range, while white varieties like Chardonnay and Sauvignon Blanc are $3,032 and $2,485 respectively.

The impact of this trend on land values followed suit. Land well suited for Cabernet Sauvignon showed significant increases, and soon land that had been viewed as less than ideal for this varietal was being replanted or grafted over to Cabernet. As a result, total Cabernet Sauvignon tonnage reached a record high in 2018 with 89,097 tons, followed by a 2019 harvest of 78,146 tons (which may have been artificially shortened by unsold fruit). As a comparison, 2014 through 2017 were all under 70,000 tons with 2015 being a short crop of only 53,195 tons.

The record 2018 harvest proved to be problematic for many grape growers as oversupply concerns reverberated throughout the Napa Valley in 2019. For highly coveted vineyards in the Prime areas, it was business as usual; however, in Secondary or Outlying areas demand was lackluster, pricing dipped, and some fruit was left on the vines.

In 2020, COVID-19 would force the closure of tasting rooms and restaurants, altering consumption trends of consumers, but the wildfires would create the largest disruption. Napa Valley was particularly impacted by the LNU Lightning Complex fire and later by the Glass Fire which would cast a cloud of smoke over the county for nearly three months. Grape growers filed insurance claims for fears of smoke-tainted fruit. The smoke had the biggest impact on Cabernet Sauvignon and other Bordeaux varietals, which ripen later in the season. Most white varietals had already been harvested. The labs charged with testing fruit samples had backlogs extending beyond 30 days, compounding decisions to harvest fruit.

In the end, a significant portion of the 2020 harvest was rejected by wineries and many would forego a 2020 vintage altogether. The fires would damage or destroy more than a dozen wineries, hundreds of homes, and scorch many acres of vines. As devastating as the fires were, the short harvest that resulted could help to correct what was an over-supplied market. Many growers are optimistic demand will return in 2021 and there are early reports of wineries looking to purchase fruit.

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. That said, each market is diverse within its own rights as differences in micro-climates, soils, mineral content, slopes, etc. all play a significant role in fruit quality which can range from average to world class.

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). These areas historically produce some of Napa's highest quality Cabernet Sauvignon and Bordeaux style red wines. Despite the concerns noted in the wine industry, the Prime Market of Napa Valley continues to perform well. When properties come available, they typically sell quickly by word of mouth, never hitting the open market. Activity was limited in 2020 but the handful of sales demonstrates the resiliency and desirability of vineyard land in this market area; a trend that will certainly continue.

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, over the past several years growers eager to take advantage of surging Cabernet prices grafted or replanted in areas previously thought better suited for Merlot or Sauvignon Blanc. This led to a vast number of sales at prices that blurred the lines between the Prime and Secondary Markets. Oak Knoll, in particular, saw record high prices in 2018. However, the oversupply concerns resulted in difficult times for some growers in this market, as reports of unsold or greatly discounted fruit led to some softening of land values. Despite supply concerns, market activity and demand for vineyard ground in the Secondary Market was moderate, with some key transactions in Yountville involving Treasury Wine Estates who sold off some of its holdings, along with lifestyle buyers seeking turnkey residential estates with vineyards. Values at the lower end of the range remained stable, while the ceiling fell somewhat.

The Outlying Market includes the remaining vineyard areas in the county, but generally outside of the Napa Valley proper. This includes Chiles Valley, Pope Valley, and other unclassified areas. Beginning with last year's Trends report, Los Carneros AVA was reclassified 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 or rivaling top Sonoma County vineyard and plantable land values. 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 more prone to extreme weather patterns (heat and/or frost), resulting in lower yields or lost harvests, and lower net returns when compared to the Prime and Secondary Markets. During periods of oversupply, demand for vineyards and plantable land in the Outlying areas is limited. In 2020 there was little demand and activity in Outlying areas. The few data points include some commercial grower and winery interest, but little to no interest from the lifestyle buyer in these areas. The prices suggest values in Outlying areas are softening.

The residential component of vineyard properties in Napa has always been a significant contributing factor to overall property value, given the desirability of the area and proximity to Bay Area employment centers. Generally speaking, the residential market is strong, but not so much for vacant homesites. Recent wildfires have contributed to reducing the housing stock as demand remained strong. The so-called lifestyle buyer is not new to Napa, but 2020 provided a new demand driver with COVID-19 motivating many urban dwellers to seek rural properties as linkages between the home and office waned. However, these buyers exhibit a strong preference toward turn-key, move-in ready homes as opposed to ground-up or reconstruction. Construction costs are still sky-high, and builders continue to have deep backlogs with fire rebuilds. As a result, there is actually little demand for bare homesites.

Winery activity was sluggish in 2020. Wineries generally follow suit with vineyard demand in terms of market tiers, with Primary Market locations in heaviest demand and Secondary and Outlying Markets being somewhat limited. Good location, strong brands, and robust permits with public tastings and events still command big premiums. Although wineries have been forced to close for much of the year, neighbor opposition to new winery permits is still strong. The cost, risk and time of seeking a permit has created significant value to existing entitlements which transfer with the land. Like residential properties, turnkey wineries are also preferred due to high construction costs, although every new acquisition generally includes a new owner applying their personal touches. This year's acquisitions in Secondary and Outlying Markets were generally hotly negotiated. On multiple occasions price reductions during escrow were conceded by the seller for reasons ranging from oversupply concerns, COVID-19 and the wildfires.

In conclusion, growers who had crop insurance may feel as though they dodged a bullet in 2020 and can likely look forward to improved demand for fruit in 2021. Whether this translates into increased acquisitions remains to be seen. However, there remains underlying and fundamental concerns in the wine industry that will continue to impact the region. Changing demographics, declining consumption, and competition with alcohol alternatives have the industry competing for market share in a space that appears to be slowing. That said, Napa continues to be recognized as the top wine region in California. Strong demand and high prices for Napa's top tier properties, capable of producing world-class Cabernet Sauvignon or Bordeaux style wines, should continue. Secondary and Outlying properties are more vulnerable to fluctuations in supply or external factors. The industry needs to figure out the supply and demand balance for Cabernet Sauvignon, while maintaining the high reputation of the Napa Valley name, which is synonymous with world-class Cabernet Sauvignon. Another industry focus should be how to shift marketing of top-tier wines from this region from the aging Boomer generation to Millennials.

SONOMA & MARIN COUNTIES

Sonoma County: Agriculture has long been recognized as one of the leading economic sectors in Sonoma County with the primary crops consisting of wine grapes, milk, poultry, cattle, nursery products and vegetables. Over 70% of the gross value of the agricultural crop value and a large portion of its related tourism income is generated by the wine industry. For these reasons, the wine industry is the dominant agricultural use.

Sonoma County has been defined by prime and secondary vineyard growing areas 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 certain 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 microclimates, soils, and varieties grown. These factors greatly influence grape tonnage and quality, which in turn directly impact net earnings. AVA's have become associated with growing specific varietals: Alexander Valley with Cabernet Sauvignon, Sonoma Coast with Pinot Noir, and Green Valley and Russian River Valley with Pinot Noir and Chardonnay. In addition, the United States tax law allows for an AVA designation to be amortizable as an intangible, which is a clear tax benefit. Depending on its reputation for quality, vineyard designates with registered trademarked names can command premium pricing.

2020 was particularly volatile for the Sonoma County agricultural market. For much of the first quarter, market activity in all segments was limited. The commercial vineyard segment stalled as for-sale vineyard properties were without grape contracts, there was a surplus of bulk wine, and wine sales were slowing. In addition, no preplant contracts were being offered by wineries for any new vineyard development. For these reasons, growers, investment entities and individuals, as well as wineries, withdrew from the market. The vineyard lifestyle market segment also declined as buyers could not justify the asking prices for a vineyard with no contract for the grapes. On numerous occasions, once it was learned the vineyard had no grape contracts or any existing contracts were to be canceled upon the sale of the property, the buyer either walked away or negotiated a lower purchase price.

In the second quarter, the impact of the COVID-19 pandemic caused a bifurcation within the vineyard market. The demand for commercial vineyards and plantable land remained virtually nonexistent. Land located in secondary growing areas that were once thought to be readily plantable and were marketed as such, started to be considered as pasture. However, the vineyard lifestyle segment for turnkey homes was experiencing greater demand as more Bay Area business people experienced new remote work flexibility, and began to shift away from urban areas. This was the beginning of an increasing value trend for these lifestyle properties; however, the component allocations began shifting to lower vineyard allocations and more value being placed on improved sites and structures. This was a factor of buyer motivation and the escalating cost of construction since the 2017 wildfires. The exception to this trend was lifestyle properties within established wildfire hazard zones as buyers remained hesitant of buying or rebuilding in these areas. Also, vacant homesite parcel demand remained low due to the difficult permitting and construction process as well as the high cost of construction.

The third quarter mirrored the second quarter. Initially there was some movement with wineries establishing grape contracts with existing growers at lower prices and greater tonnages. This was a means to secure throughput for wineries with established retail channels for their inventory in the $10 to $20 per bottle range, triggered by increased wine consumption at home because of the pandemic. However, there remained a substantial number of uncontracted grapes with no demand even as harvest of the 2020 crop was appearing to be light. On August 17th wildfires struck. In Sonoma County, the Walbridge Fire burned over 55,000 acres, though few vineyards and wineries were physically damaged. The largest detriment to the industry as a result of the fires was from smoke taint, due to the lingering smoke from multiple North Coast fires throughout the harvest season. Most of the white varietals had been harvested but the red varietals were still on the vine and subject to smoke taint. Smoke taint damage was significant, and wineries refused to take unharvested grapes without first testing for smoke taint. Testing labs became backed up and could not process fruit samples for 30 to 60 days at which time grapes went beyond reasonable quality and began to raisin on the vine. Wineries then made the decision to purchase bulk wine or forgo making certain 2020 vintage wines. As a result the bulk wine market went from a long position to a more balanced position within a short period of time. Growers are optimistic that there will be demand for 2021 grapes and purchase contracts will be offered; however, pricing remains uncertain.

Historically, Sonoma County vineyard and plantable land values follow the cycle of grape prices. Purchases of moderate to large commercial vineyards are virtually non-existent as wineries, growers, and agricultural investors remain in a 'wait-and-see' position. Based on the few commercial vineyards being offered for sale and the few offers being made, there is indication of downward pressure on pricing with minimal buyer value allocations being made directly to building site entitlements. The lifestyle segment of the vineyard market continues to strengthen for turnkey homes with less than 15 to 20 acres.

Values remain within the previous year's value ranges but with a greater amount of vineyard and plantable land allocations trending downward. There are exceptions to this trend, as there are still wineries with strong brand strength that are willing to pay historic or better prices to own vineyards that meet very specific requirements.

There were very few 2020 winery sales and there are a limited number of wineries being exclusively listed for sale. Those that sold indicate a stable to slightly declining value trend. This declining trend is more a factor of a decline in vineyard land value, rather than a decline in value for the site, permit, facility and/or equipment. It would be expected that sales of wineries with successful brands, public tasting, and locations in prime tourist areas would have a stable value trend. Wineries that sell without an established, successful brand would likely be discounted beyond normal levels of depreciation. Winery construction costs have substantially increased over the last three years. Currently, there is no market evidence that suggests buyers are willing to purchase a winery at prices reflective of current costs; however, there are new wineries being built.

Wineries with established retail channels that sell wines within the $10 to $20 per bottle range and wineries that sell the highest quality wines direct-to-consumer remain highly profitable. Wineries that rely on on-premise sales, events, hospitality offerings, and restaurant sales that have not been able to increase retail and/or direct-to-consumer sales continue to struggle through the COVID-19 pandemic. It would be expected that if the lack of on-premise and restaurant sales continues, more wineries will be placed on the market.

Sales of the highest quality estate properties, defined at those over $15,000,000, remain slow with a moderate number of properties being offered for sale. This is a factor of a limited pool of potential buyers, location of the properties within fire hazard areas, and the difficulty in securing fire insurance. Based on the few transactions, these types of properties are selling below normal levels of physical structure deprecation due to extremely high construction costs.

The Sonoma-Marin agricultural area is described as coastal foothill pasture and hardwood forested lands within Southwestern Sonoma County and Northwestern Marin County. Most of the area is devoted to agricultural uses of livestock pasture and dairies, in addition to a limited number of equestrian facilities, poultry facilities, vineyards, olive orchards, and small-scale vegetable production. Average to estate quality homes are positioned throughout the area. The 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 last ten years, most North coast dairies have adapted to an organic operation, while only a small portion remain in the conventional milk market. The ability to pasture cows, 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. After the market peak in 2016 and 2017, the following 2018 and 2019 years featured a surplus of organic milk with significant drops in prices per cwt., requested reductions in production volume, or, in some cases, complete cancellations of milk contracts. By the end of 2019 and consistently into 2020, the market for organic milk has reached a better balance of supply and demand as a beneficial result of the COVID-19 pandemic. Within the last year, the demand for organic milk has increased as more families stayed home, ate out less, and purchased more organic milk products for in-home use. For producers, prices remain stable to slightly increasing and trends hope to continue that way for another year or so. For the conventional market, pricing is highly dependent on if a dairy's milk is pooled into the California Federal

Milk Marketing Order, which has been receiving lower pricing than non-pooled alternatives. The secondary markets for drop calves and butcher cows remain at generally average market pricing.

Challenges still facing the North Bay dairy industry include the rise of plant-based milk alternatives winning market share, increases in labor supply and regulation, an instability in the California quota market, and increasing pressures from Bay Area environmental groups. For 2021, potential concerns arise over the increasing price for grains, and any possibility for a post-COVID-19 recession, which could shift buyers away from more expensive, organic products.

Since the beginning of 2019 and throughout 2020, there has been very little activity for pasture or dairy grazing land sales in Sonoma and Marin counties, and land prices remain relatively stable. The few large ranches or operating dairies that were listed for sale continue to either sit on the open market with little interest or suffer from price reductions. Demand has slowed from local dairy farmers, unless for specific properties (mostly adjoining or neighboring their own), or the acreage is too large, or has too many dairy improvements to be desirable for out-of-area lifestyle buyers. Acreage properties located within the Petaluma Gap AVA are also receiving less attention from viticultural groups as the oversupply of the grape market has slowed the trend of historical cattle grazing land being marketed and purchased for vineyard development. Purchases of acreage properties for cannabis cultivation is a potential if the property has adequate water, appropriate zoning, division potential, or is comprised of multiple legal parcels, though still not very common. The most sales activity comes from rural residential properties up to about 50 to 100 acres of pasture, which are attractive to Bay Area professionals experiencing new remote work flexibility due to workplace responses to COVID-19. Since March of 2020, these buyers have flooded to the wine country and picturesque Sonoma and Marin counties as they look to trade in their city living quarters for acreage properties with more space and privacy.

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 large 2018 crop was the start of declining grape prices and demand in Mendocino County. While the 2019 crop in Mendocino County was generally average, the demand for grapes remained low. The demand for uncontracted fruit was very weak, with few wineries purchasing grapes. The few uncontracted grapes that did sell were reportedly 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 demand for grapes in 2020 remained weak, with very few wineries looking to source grapes from the county. A few wineries entered the market in August, when they realized the crop yields were below average and concerns of smoke taint emerged. The grape crop was down slightly for white grapes, but down significantly for red grapes. The Chardonnay crop was down around 10% to 15%, while Sauvignon Blanc was near average. The Pinot Noir crop was down 20% to 25%, followed by Cabernet Sauvignon which was down 15% to 20%. While the Merlot and Zinfandel crops were down slightly, a percentage of the crop was not harvested due to winery rejections for smoke taint or the inability to obtain test results from the lab.

The contracts signed in August were generally low for most varieties at $500 to $700 per ton. Some growers were desperate to sell their crop, after not selling their crop in the prior year. The demand and prices for grapes improved in September, as wineries were looking to source grapes in the county to replace grapes to the south, due to smoke taint or lower yields. While prices improved slightly, the ability to obtain a smoke taint test was problematic. Some growers opted to file a crop insurance claim, while others decided to custom crush. Growers in the county are optimistic there will be higher demand and higher prices in 2021, but the jury is still out.

The value of vineyards in Mendocino County appear to have been fairly stable in 2020, but with limited market activity. While several vineyard/winery properties sold in Anderson Valley in 2019, no vineyards transacted in 2020. The lack of market activity is attributed to lack of any vineyards listed for sale. Sale activity in Mendocino's inland area was very limited, with a few small and mid-sized vineyard sales, scattered from Potter Valley to Hopland. The few transactions involved fair to average quality vineyards, which sold in the high-$20,000 per acre range. The majority of the buyers' primary motivation was for cannabis production, with the vineyard being a secondary consideration. While several large to mid-sized vineyards are listed for sale, the interest in the vineyard property by vineyardist or wineries has been very limited.

Lake County: The fires were back again in 2020. While most of the county was not directly impacted by the fires, large fires to north and south covered most of the county in smoke for weeks. While the majority of the white grapes in the county were picked, a good percentage of the red grapes were rejected due to smoke taint. A large percentage of the rejected grapes, without crop insurance, were sold at a big discount or custom-crushed. The most significantly impacted area of the county appears to have been on the southern end, which was the closest to the fire.

The crop was generally average, with some areas seeing below average tonnage. The demand for Sauvignon Blanc was good, with most contracts at $800 to $1,000+ per ton. The anticipation is for stronger demand in 2021 and higher prices. The demand for red grapes was generally weak. Grapes planted on good quality sites mostly found a home, while the red grapes planted on the bottomlands found few buyers. While some growers decided to custom-crush uncontracted fruit, some growers left the grapes on the vine.

Market demand for vineyards in Lake County was moderate, with several sales transacting. The majority of the transactions in the Big Valley area were purchased primarily for cannabis production. The sales were mostly below average quality vineyards and sold for $30,000 per acre or less. 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 higher quality Cabernet Sauvignon. These properties have generally ranged up to $50,000 per acre, with one high-quality sale in 2020. All of mountainous vineyards were purchased by vineyardist or investors for continued grape production.

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 likely support continued pear production. The return potential from pears in recent years has been barely sufficient to support the underlying value of land suitable for vineyard use. As such, even the best orchards continue to be pulled. Most pear growers would pull additional pear acreage if the grape market was better. The 2020 crop was below average, down around 15%, from historical averages, with generally smaller fruit size and good quality. Given the small crop, the demand and prices from the canneries and fresh market were good. Most growers delivering to packing houses received average prices above $450 per ton. While 2020 will be a profitable year for most pear growers, the industry outlook is not without concerns. The industry has continued concerns regarding the long-term health of the 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 2020, with no new orchards planted in over 20 years.

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. Agriculture is tied primarily to dairies, pasture crops, and cattle ranching. This market has seen very few sales but values have been steadily increasing over the past ten years. Demand for pasture is strong but most properties are closely held and seldom available for sale. Pastureland sales are often between a long-term tenant and the property owner. In recent years, there has been an increase in the number of properties listed by realtors. This is because sellers are realizing that their properties must be well-marketed to garner the best price.

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) turnkey operations with the cows on organic pasture most of the year. The drop in organic milk prices and fewer markets for organic milk have severely influenced producer cash flows. This has generally resulted in less demand for pastureland and a noticeable drop in transactions in 2019. However, pastureland sales increased in 2020, primarily due to low interest rates. Several long-term tenants took advantage of lower financing costs to buy out their landlords.

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 decline in the value and sale activity for unpermitted rural parcels that otherwise would be considered suitable for cannabis production.

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 large nursery operation. Agricultural land is closely held and sale activity is very limited.

The Reservation Ranch Dairy has been listed for sale. This is the largest dairy in the county and includes 1,668 acres along with a 580-cow dairy facility.

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. Trinity County has a cannabis permit system considered to be more flexible than adjacent Humboldt County, and it currently allows for new permits to be issued. This results in prices and sales activity for unpermitted cannabis properties being much 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, Del Norte, Mendocino, and Trinity 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.

Following a brief slowdown in April and May due to the COVID-19 pandemic, lumber demand quickly recovered and began to accelerate as residential construction increased due to higher demand, lower interest rates and low housing inventories. Markets for timber reflected the increased lumber demand and log prices were generally 10% higher than those released in 2019.

Demand for timberland, particularly redwood timberland, is strong with few properties available for sale. Douglas-fir timberland sales have been primarily influenced by the demand for cannabis parcels. 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 and timber speculators.

The August Complex wildland fire burned a large swath of southwestern Trinity County and northeastern Mendocino County. Most of this timberland is managed by the US Forest Service and the Bureau of Land Management. The remainder is comprised of small private timberland holdings, cattle ranches with timber and tribal lands. It is very unlikely any of the government-managed timber will be salvaged and sold. The amount of timber salvaged from private and tribal lands over the next two to three years is not expected to have an adverse impact on North Coast log markets.

VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND
NAPA COUNTY				
Vineyards - Prime	$300,000 - >$450,000	Strong	Limited	Stable
Vineyards - Secondary	$165,000 - >$375,000	Moderate	Moderate	Stable-Declining
Vineyards - Outlying	$50,000 - >$165,000	Limited	Limited	Stable-Declining
Plantable - Prime	$200,000 - >$275,000	Strong	Limited	Stable
Plantable - Secondary	$165,000 - >$245,000	Moderate	Moderate	Stable
Plantable - Outlying	$50,000 - >$110,000	Limited	Limited	Stable-Declining
Homesite - Prime	$2,000,000 - >$5,000,000	Limited	Limited	Stable
Homesite - Secondary	$300,000 - >$3,000,000	Limited	Limited	Stable
Homesite - Outlying	$0 - >$350,000	Limited	Limited	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 - $100,000	Slow	Limited	Stable-Declining
Plantable - Secondary	$25,000 - $45,000	Slow	Limited	Stable-Declining
Homesite - Prime	$250,000 - $3,100,000	Slow	Limited	Stable
Homesite - Secondary	$0 - $250,000	Slow	Limited	Stable
Sonoma-Marin Pasture	$7,000 - $14,500	Moderate	Limited	Stable
MENDOCINO COUNTY				
Vineyards - Anderson Valley	$65,000 - $110,000	Moderate	Very Limited	Stable
Vineyards - Inland Mendocino	$25,000 - $45,000	Moderate	Limited	Stable
Plantable - Anderson Valley	$25,000 - $35,000	Moderate	Very Limited	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	$10,000 - $18,000	Moderate	Moderate	Stable
HUMBOLDT COUNTY				
Dairy Pasture	$7,000 - $10,000	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

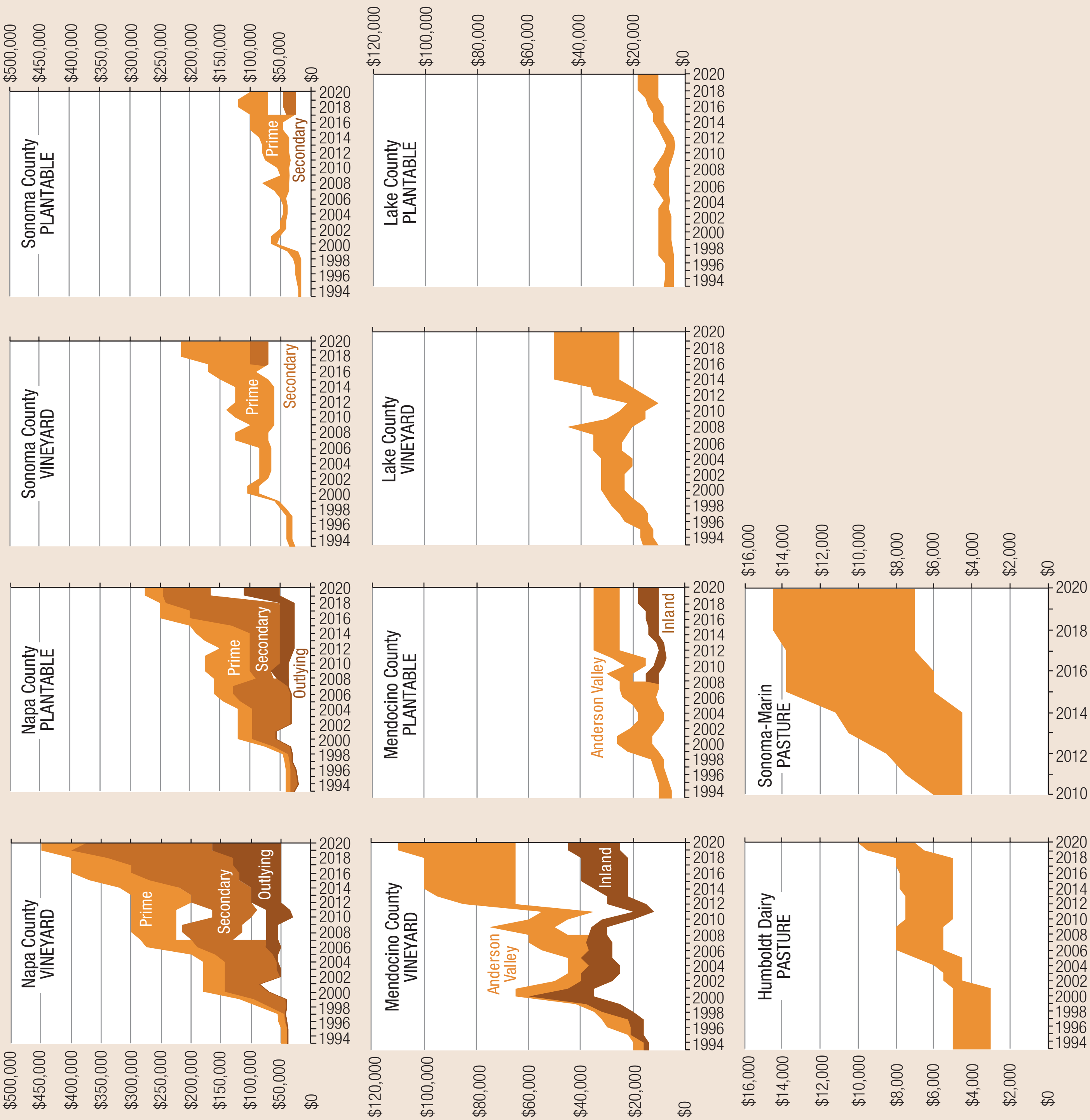
HISTORICAL VALUE RANGE PER ACRE

LAND USE	VINEYARD: PRIME	VINEYARD: SECONDARY	VINEYARD: OUTLYING	PLANTABLE: PRIME	PLANTABLE: SECONDARY	PLANTABLE: OUTLYING
NAPA COUNTY						
2020	$300,000 - $450,000	$165,000 - $375,000	$50,000 - $165,000	$200,000 - $275,000	$165,000 - $245,000	$50,000 - $110,000
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

LAND USE	PRIME	SECONDARY	OUTLYING	PRIME	SECONDARY
NAPA HOMESITESS				SONOMA CO HOMESITE	
2020	$2,000,000 - $5,000,000	$300,000 - $3,000,000	$0 - $350,000	$250,000 - $3,100,000	$0 - $250,000
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		

LAND USE	VINEYARD: PRIME	VINEYARD: SECONDARY	PLANTABLE: PRIME	PLANTABLE: SECONDARY	VINEYARD	PLANTABLE	DAIRY PASTURE	PASTURE
SONOMA COUNTY					LAKE COUNTY		HUMBOLDT	SONOMA/MARIN
2020	$100,000 - $215,000	$70,000 - $100,000	$70,000 - $100,000	$25,000 - $45,000	$25,000 - $50,000	$10,000 - $18,000	$7,000 - $10,000	$7,000 - $14,500
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

LAND USE	VINEYARD: ANDERSON VALLEY	VINEYARD: INLAND MENDOCINO	PLANTABLE: ANDERSON VALLEY	PLANTABLE: INLAND MENDOCINO	DAIRY PASTURE	CROPLAND (Lily Bulbs)
MENDOCINO COUNTY					DEL NORTE	
2020	$65,000 - $110,000	$25,000 - $45,000	$25,000 - $35,000	$10,000 - $18,000	$7,000 - $10,000	$7,500 - $9,500
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


Sonoma County PLANTABLE
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Sonoma County VINEYARD
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Napa County PLANTABLE
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Lake County PLANTABLE
Lake County VINEYARD
Mendocino County PLANTABLE
Anderson Valley
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Mendocino County VINEYARD
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Sonoma-Marin PASTURE
Humboldt Dairy PASTURE
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NORTHERN SAN JOAQUIN

REGION CHAIR & COMMITTEE

KARY TEAGLE, ARA – CHAIR
BRIAN SOUSA | **RICHARD BELL,** ARA
JERRY FURTADO, ARA | **DARYL DUNCAN**

AMADOR (WEST) CALAVERAS (WEST) CONTRA COSTA EL DORADO (WEST) MERCED
SACRAMENTO (SOUTH) SAN JOAQUIN STANISLAUS

NORTHERN SAN JOAQUIN 3

GENERAL COMMENTS

In Region 3, the 2020 agricultural land market was mostly stable with values driven by water, commodity prices and, of course, the COVID-19 global pandemic.

Buyers were increasingly more thoughtful about purchasing property with secure water rights. Implementation of the Sustainable Groundwater Management Act (SGMA) has had varied effects on Region 3, with its largest impact seen in Merced County. The January 31, 2020 planning deadline for California's first round of Groundwater Sustainability Plans (GSPs), for basins classified as 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. While neither the San Joaquin nor Delta Mendota sub-basin drafts in Region 3 explicitly limit the amount of groundwater which can be pumped initially, future reductions in groundwater extraction will likely be needed to bring these sub-basins into compliance. However, how that will be accomplished and monitored remains unknown. Groundwater Sustainability Agencies (GSAs) will likely take control over new well-drilling permits.

Almonds and walnuts, two of Region 3's most prevalent commodities, continued to experience historically low crop prices in 2020. Land values remained mostly stable for these land types, though prices softened slightly for almonds in federal districts or solely reliant on pumped groundwater.

While the pandemic had little effect overall on demand and value for most land uses in Region 3, it did impact the wine grape industry, beef cattle prices, smaller rural residential properties and the dairy industry. The pandemic changed consumer habits in unprecedented ways: disrupting restaurant consumption, restricting tourism, and affecting myriad supply-chains for Region 3's primary commodities. As the purchase of agricultural real estate is typically a long-term investment, Region 3 has proven mostly inelastic to the effects of the pandemic.

3

ALMONDS

Region 3 remains a powerhouse in almond production, producing approximately one-third of California's almonds.

Sale activity slowed for almond orchards in Region 3 with buyers growing 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. Property prices were stable with moderate demand and market activity.

Almond commodity prices were down from prior years, due to a significant 2019 crop inventory and the first-ever 3-billion-pound 2020 crop. Handlers report pricing for the 2020 crop primarily below $2.00 per pound, with $1.65 per pound considered a typical average grower price. Pricing is expected to remain depressed through the crop year as large handlers will have to ship large quantities each month just to free up warehouse and bin storage space for the record crop, and container disruptions at the port are delaying shipments just as handlers have reached critical storage capacity.

High tariffs on California almonds have allowed the Australian almond exporters to become established in China and other markets. Australia is the second largest almond producer at seven percent of the global production with significant growth potential in nonbearing acreage and new plantings. However, as California continues to control the lion's share of the market, trade impacts were muted overall.

Increased production costs have also tightened margins for growers, caused by several factors, including increased input costs and labor costs. The cost to establish and maintain an almond orchard increased dramatically in the past decade, commensurate with steep commodity price increases from 2013-2015. Most of those costs did not contract when commodity prices corrected in 2016. Therefore, margins have tightened significantly. More small-acreage orchards are custom-farmed, due to the high cost of equipment. The trend toward larger, higher-quality orchards continues as profit margins narrow in the near term. However, long-term demand is expected to remain strong.

Orchard leases are increasingly uncommon as profit margins tighten and smaller, poor-quality orchards are redeveloped. While orchards are typically owner-operated or custom farmed in the region, leases by absentee or non-farmer rural residents as well as for larger tracts developed in the eastern pasture areas are common. Leases vary widely in structure, but for smaller in-district properties they typically fall between 15% to 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 to 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 for walnut orchards was limited in 2020. 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.

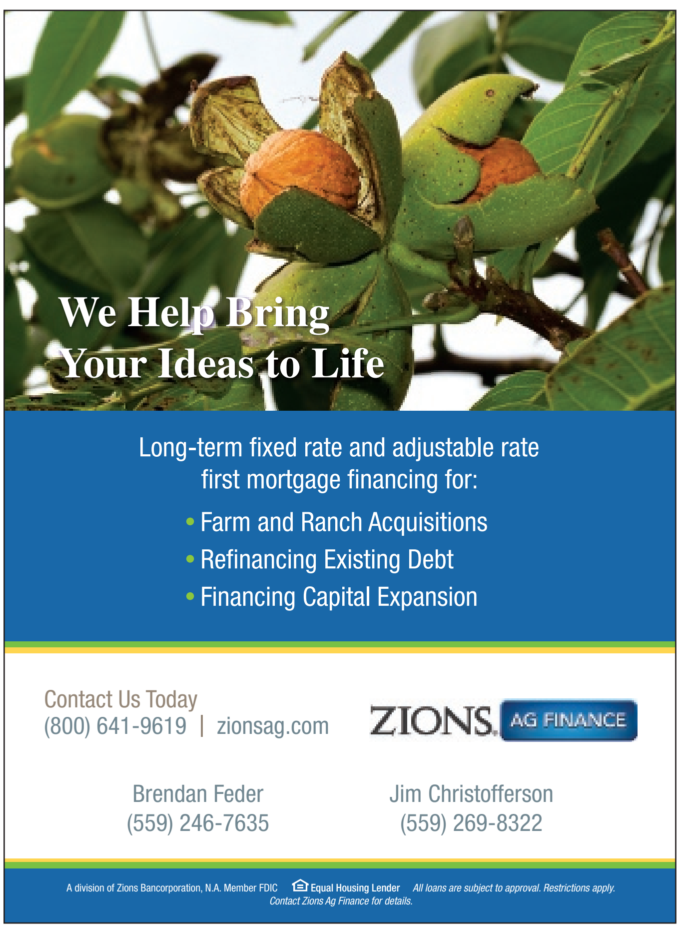
Commodity prices remained low due to continued turmoil in the trade market. With margins tightening for many of the same reasons as almonds, many growers experienced an overall loss in 2020.

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 2020 Cherry crop in California was significantly lower than previous years. A poor bloom followed by pockets of showers during harvest resulted in much lower yield. That said, the quality of the crop was very strong. Given the lower supplies on hand, challenges in the export market have not had a significant negative effect on prices, as domestic market demand and prices remained strong in 2020. Most in the industry expect that 2020 profit margins will be positive, but likely not enough to recover from the losses in 2019.

As usual, sale activity for cherry orchards was very limited in 2020. The few known transactions in the Northern San Joaquin Valley involved older orchards and did not indicate any significant change in values. The two known sales in San Joaquin County sold near or above open land values and one sale in Stanislaus County sold for well above open land. 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. Buyer interest appears to be limited due to the current market outlook.



WINE GRAPES

One year ago, the wine industry was flooded with excess wine and most wineries were planning to heavily push inventory sales and cut back on production of the 2020 vintage. Grape producers were also planning on a light harvest due to less robust demand, and some were still actively marketing custom bulk wine from the 2019 vintage. An early frost, the COVID-19 pandemic, and wildfires proved to have a significant impact on the industry and tested its ability to adapt.

Multiple years of improving wine sales helped prop up many different business models. Many wineries expanded from traditional winery-to-distributor models to include direct-to-consumer sales, tasting rooms, event and hospitality offerings and virtual wine clubs. These newer business models created additional income streams, but the COVID-19 pandemic stressed many of these ventures. In particular, the pandemic hurt business models that heavily depended on on-premise sales via tasting rooms, events, and hospitality offerings. As the pandemic spread, consumers quickly became homebound and were largely unable to travel to wineries and tasting rooms, which were in any case closed by the State. Some travel and dining restrictions were eased in the third quarter, but consumer mobility remained well below pre-pandemic levels. As of December 1st, consumer spending on accommodations and food services was about 40 percent below pre-pandemic levels. Likewise, income for businesses in the leisure and hospitality industry was less than half of pre-pandemic levels.

At the grower level, wineries have begun to offer some new grape contracts. Vineyard sales were limited in 2020. A few late-life vineyards without grape contracts in the Central Valley have sold; however, prices appear to be near open land values with buyers intending to remove the vineyards. That said, there were a couple of sales of viable vineyards which exhibited contributory value above open ground. Most in the area believe that vineyard values are roughly stable to slightly lower than 2019 with potential upside in 2021.

RANGELAND

Sale activity for rangeland in 2020 was limited, though slightly above typical years. The sales primarily occurred in Mariposa, eastern Merced and Calaveras counties and indicate a stable trend. Typical buyers for large tracts of rangeland are cattlemen. Beef cattle prices were lower than expected in 2020, largely due to the pandemic which halted restaurant consumption, resulting in a fifth year of low prices. Prices paid for rangeland in this area typically do not result in margins capable of creating a profit 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.

That said, smaller, rural residential and recreational-type properties experienced strong demand and increasing prices, partially spurred by the COVID-19 pandemic and buyers either wanting to relocate to rural communities or purchase a secondary recreational residence. However, smaller parcels purchased primarily for home sites were not included in the indicated range.

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 precipitation. 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. 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 markets, which have not been significantly affected by size in recent years, and, in some cases, have 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 rents are stable, having increased in recent years due to high demand and a decreased supply of rangeland and irrigated pasture. These leases range from $25 to $45 per acre, while south and west side leases 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. The details for these GSPs are currently unknown. 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 topography and higher percentages of non-plantable land.

CROPLAND

In the northern portion of Region 3, cropland is separated into three geographical submarkets: Northern San Joaquin County, the Lodi region and the Delta. For Northern San Joaquin County, district water has historically been a secondary water source, if available at all, for permanent planting-adaptable cropland north and east of Lodi. The primary source of water in these areas is pump and well and the high end of the value range is defined by properties with multiple sources of water and those located closer to Lodi and Stockton. Cropland values in this submarket were stable in 2020, with no notable changes in market demand or activity. The premium submarket for cropland continues to be the Lodi region. Properties are more closely held in this area and there have been very limited transactions over the past few years to reflect the top of this market. However, the sales that did occur in 2020 indicate that open land values in Lodi are stable. The lower end of the range continues to be defined by the Delta (islands and bordering cropland). The range in values for Delta land has increased slightly, with the lower end of the range still showing an increasing trend in 2020. The strongest demand has been for bordering cropland in the Stockton Delta, most notably Roberts Island, where permanent planting adaptability is highest and low-cost riparian water is available. The lowest values continue to be seen farther north within the Delta islands, where the water table is higher, elevations are lower and permanent planting adaptability is the most speculative.

The market for cropland in the central and southern portions of Region 3 continues to be driven by water availability and permanent planting adaptability. Land located in districts with strong water rights, lowest water costs and best delivery histories (east side districts) command the highest price. Properties that are solely reliant on pumped groundwater or are located within federal west-side irrigation districts define the lower end of the range in value.

Eastern Merced and Stanislaus counties are in the Modesto and Turlock sub-basins. GSPs for the Modesto and Turlock sub-basins are due in 2022 and are therefore not yet established, rendering future water supplies uncertain. The western portions of these counties are located within the Delta-Mendota sub-basin, with a draft GSP in place in January 2020. In southern San Joaquin County, little impact on the market due to this legislation has been experienced so far, apart from limited sale activity for cropland properties primarily reliant on pump and well water. In Eastern Stanislaus County no known sales of cropland properties which rely entirely on pumped groundwater occurred. While values are mostly stable, in Merced County the distinction is becoming more evident between cropland which relies solely on pumped groundwater versus cropland which receives surface water. Properties with access to surface water, no matter the reliability or cost, command higher prices than those with no supplemental water source.

Although cropland within strong irrigation districts sets the upper end of the range, many farmers continue to fear 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.

Generally, cropland leases in Region 3 are stable with strong demand, due to a decreased supply caused by widespread 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 stable, with the upper end of the range around $800 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

In 2020, the COVID-19 pandemic caused extreme volatility in milk prices, driven by supply chain disruptions, changes in consumption habits, and government purchasing programs. Nevertheless, milk production in California increased year-over-year each month in 2020 as feed costs remained relatively stable.

Cheese prices reached record highs of nearly $3 per pound resulting in much higher Class III milk prices than Class IV. With cheese plants at full capacity, excess milk was utilized for more butter production, which further dampened butter prices. Cheese manufacturers were incentivized to de-pool from California's Federal Milk Marketing Order (FMMO), pulling down the Statistical Uniform Price (SUP) and resulting in lower milk checks for dairy farmers. Still, aid was available to dairy farmers through several government programs.

In addition, a large rebound in whey sales to China helped to offset reduced demand from Mexico and slow U.S. cheese sales due to high cheese prices. 2020 was a recovery year for whey exports following retaliatory tariffs on U.S. dairy heading to China and reduced demand from the African Swine Fever in 2019.

Demand for dairy facilities remained limited in 2020. Two sales occurred between Merced and Stanislaus Counties that ranged between 500 and 1,900 permitted milk cows. These sales offered a mix of facilities in fair-to-average condition and utility that were met with market acceptance by neighboring dairymen who were looking to expand. Said facilities ranged from $1,128 to $1,615 per milk cow, not including the land value.

Another sale took place in Merced County involving a fairly modern 1,200 milk cow dairy in average-to-good condition with a large land base, which is considered slightly superior to the two abovementioned sales. Yet, it was purchased for almond development using proceeds from another sale in order to complete a 1031 exchange resulting in a value of approximately $432 per milk cow.

Market anomalies were present. A marginal 450 milk cow facility in Stanislaus County was purchased by a neighboring diversified dairyman who made an unsolicited offer for nearly $3,000 per milk cow. This sale was admittedly high by both parties involved. A similar nearby facility was in contract for a similar amount in the last months of 2020, but this deal fell out of escrow as the buyer was an out-of-area dairyman who questioned the dairy's value.

Remaining sales in Region 3 consisted of smaller substandard facilities. These sales were primarily purchased for almond development while renting existing facilities in the interim. Demand for older or marginal dairies is weak at best, with most of these types of facilities being purchased primarily for conversion to feedlots or permanent plantings.

Dairymen continue to face competition from permanent planting developers, as the amount of acreage available for hay and forage production continues to decrease, especially in areas with adequate surface water supplies. 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 increase efficiency through expanding their land base for feed production.

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	15% - 30%
Almonds – Federal Districts or Well Water Only	$15,000 - $30,000	Limited	Limited	Stable-Sl. Decreasing	8% - 20%
Walnuts	$25,000 - $38,000	Moderate	Limited	Stable	15% - 30%
Cherries	$25,000 - $36,000	Limited	Very Limited	Stable	20% - 30%
Wine Grapes – Districts 6, 10, & 11	$22,000 - $35,000	Limited	Limited	Stable-Sl. Decreasing	20% - 30%
Rangeland – Permanent Planting Potential	$4,000 - $9,000	Moderate	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)	$10,000 - $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 - $30,000	Strong	Moderate	Sl. Increasing	$300 - $400
Federal Districts and/or Well Water	$12,000 - $20,000	Limited	Limited	Stable	$150 - $300
CROPLAND SOUTH: MERCED COUNTY					
Merced ID	$18,000 - $30,000	Moderate	Moderate	Stable	$250 - $800
Well Water, Westside Non-Federal, Class II MID & CWD	$12,000 - $22,000	Moderate-Limited	Moderate	Stable	$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	$14 - $18

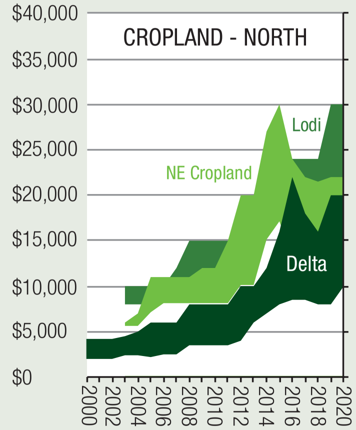
HISTORICAL VALUE RANGE PER ACRE

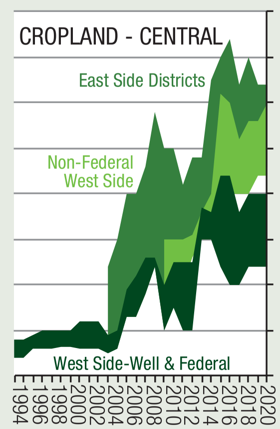
LAND USE	ALMONDS FED. WATER OR WELLS	ALMONDS IRRIGATION DISTRICTS	RANGELAND GRAZING ONLY	RANGELAND PERM. PLANT. POTENTIAL	WALNUTS	WINE GRAPES	CHERRIES
SAN JOAQUIN, STANISLAUS & MERCED COUNTIES							
2020	$15,000 - $30,000	$25,000 - $40,000	$600 - $3,000	$4,000 - $9,000	$25,000 - $38,000	$22,000 - $35,000	$25,000 - $36,000
2019	$15,000 - $32,000	$25,000 - $40,000	$600 - $3,000	$4,000 - $9,000	$25,000 - $40,000	$22,000 - $35,000	$27,000 - $36,000
2018	$18,000 - $32,000	$25,000 - $40,000	$600 - $3,000	$4,000 - $9,000	$25,000 - $42,000	$18,500 - $38,000	$27,000 - $36,000
2017	$20,000 - $--	$-- - $40,000	$600 - $3,000	$8,400 - $15,000	$20,000 - $35,000	$24,000 - $42,000	$28,000 - $36,000
2016	$22,000 - $--	$-- - $42,000	$600 - $3,000	$3,000 - $15,000	$23,000 - $35,000	$28,000 - $35,000	$30,500 - $36,000
2015	$22,000 - $--	$-- - $45,000	$500 - $3,500	$4,000 - $15,000	$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

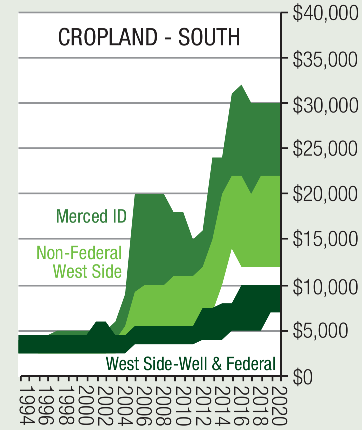
LAND USE	N. SAN JOAQUIN CO (SEWD, CSJWCD & WELL H^{2}0)	LODI REGION (Woodbridge ID & WELL H^{2}0)	DELTA LANDS (Small Districts & WELL H^{2}0)
CROPLAND: NORTH			
2020	$12,000 - $22,000	$18,000 - $30,000	$10,000 - $20,000
2019	$12,000 - $22,000	$18,000 - $30,000	$8,000 - $20,000
2018	$11,000 - $21,500	$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

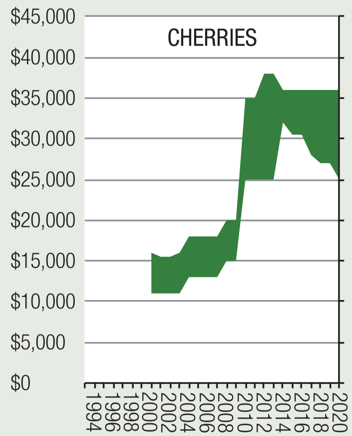
LAND USE	EAST SIDE DISTRICTS (SSJID, OID, MID, TID)	WESTSIDE NON-FEDERAL DISTRICTS (includes Gustine)	FEDERAL DISTRICTS & WELL WATER
CROPLAND: CENTRAL			
2020	$24,000 - $32,000	$22,000 - $30,000	$12,000 - $20,000
2019	$24,000 - $32,000	$22,000 - $28,000	$12,000 - $20,000
2018	$24,000 - $35,000	$20,000 - $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

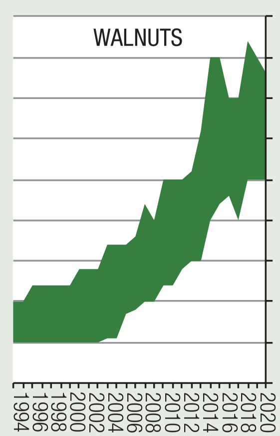
LAND USE	MERCED ID	WELL WATER, WESTSIDE NON-FEDERAL, CLASS II MID & CWD	WESTSIDE: FEDERAL DISTRICTS & WELL	DAIRIES per Milk Cow with Equipment
CROPLAND: SOUTH				MERCED, STANISLAUS & SAN JOAQUIN CO.
2020	$18,000 - $30,000	$12,000 - $22,000	$7,000 - $10,000	$700 - $2,400
2019	$16,000 - $30,000	$12,000 - $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

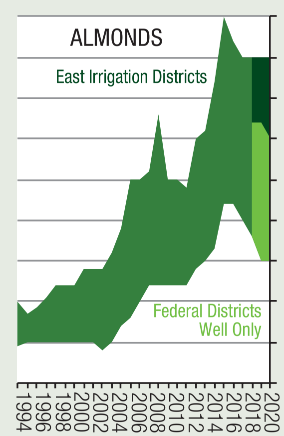

CROPLAND - NORTH
Lodi
NE Cropland
Delta
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020

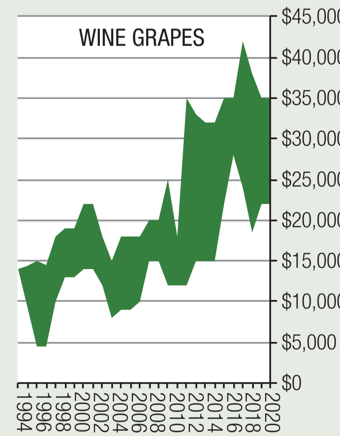

CROPLAND - CENTRAL
East Side Districts
Non-Federal
West Side
West Side-Well & Federal
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020


CROPLAND - SOUTH
Merced ID
Non-Federal
West Side
West Side-Well & Federal
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020


CHERRIES
$45,000
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020


WALNUTS
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020


ALMONDS
East Irrigation Districts
Federal Districts
Well Only
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020


WINE GRAPES
$45,000
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
1994
1996
1998
2000
2002
2004
2006
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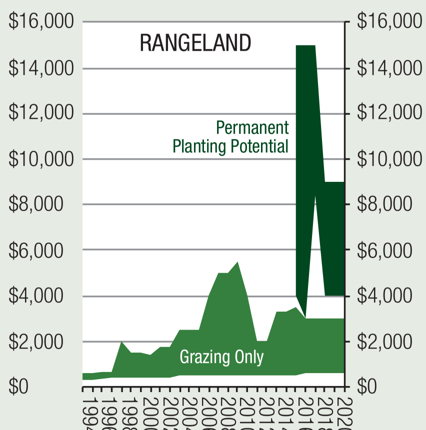
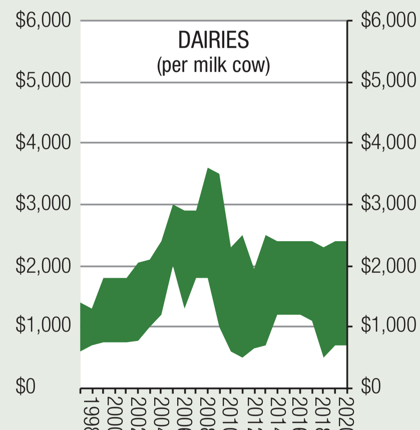
2012
2014
2016
2018
2020


RANGELAND
Permanent
Planting Potential
Grazing Only
$16,000
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020


DAIRIES
(per milk cow)
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020

3

4

CENTRAL SAN JOAQUIN

REGION CHAIR & COMMITTEE

JAIME BIGHAM, ARA – CO-CHAIR | **KRISTIN MASSETTI,** ARA – CO-CHAIR
MATT PENNEBAKER, ARA | **RYAN METZLER,** AFM
JULIE ROSE-GONSALVES

FRESNO MADERA

CENTRAL SAN JOAQUIN 4

GENERAL COMMENTS

Value trends for agricultural properties in Region 4 remained stable to slightly increasing in 2020 largely due to continued low interest rates available to qualified buyers, in addition to demand for properties with multiple sources of water as a result of the Sustainable Groundwater Management Act (SGMA) and its implications for those areas solely reliant upon groundwater. While the COVID-19 Pandemic which reached the United States in early 2020 had an adverse effect on the once thriving overall economy, agricultural real estate saw very little impact from the virus. Rather, retail and commercial real estate are the hardest-hit, due to the transition from office to remote work environments. Stabilization of agricultural real estate occurred in 2018-2019 with demand remaining strongest for properties with reliable and inexpensive surface water deliveries supplemented by groundwater supplies. Market activity for open land and permanent plantings is moderate throughout Fresno and Madera Counties, with the strongest demand noted in areas with multiple sources of water. Activity remains limited with extended marketing periods for properties in areas lacking surface water supplies.

Market activity for dairy facilities continued to be very limited in 2020 with value trends remaining stable due to interest in the underlying land from permanent planting growers, especially in areas with multiple sources of water.

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 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 2020, supporting a stable to increasing value trend, despite a significant decline in almond and walnut commodity prices. The demand for good quality nut orchards with reliable surface and groundwater water supplies has remained stable to strong. The upper end of the reported range is reflective of good quality orchards in areas with multiple sources of water. Following the trend of recent commodity prices, development of new almond orchards has slowed slightly while pistachio orchard developments continue to increase throughout Fresno and Madera Counties, expanding throughout the central San Joaquin Valley.

West side almond orchards located in the federal districts indicate increasing values with moderate activity and a strong value trend. The recent elimination of the USBR acreage restrictions within the Westlands Water District has sparked interest from large, institutional investors resulting in an escalation of values in the district. The low end of the overall value range represents these west side transactions, selling from $10,000 per acre to $22,000 per acre, an increase of $3,000 on the upper end of the range for mature almond orchards. As compared to east side properties, lower prices on the west side are a direct reflection of water conditions and the inability to apply marginal ground water without blending surface water. The lower end of the west side range reflects orchards lacking a secondary source of water. East side sales within Fresno and Madera Counties with multiple sources of water indicate a slight increase in the upper end of the range, selling from $27,000 to $40,000 per acre. East side sales without a surface water supply indicate a sale range of $16,000 to $28,000 per acre with limited demand and market activity, and longer noted exposure periods on the market.

Market activity for pistachio orchards increased moderately, as strong demand noted in 2020 reflected an increasing value trend with values ranging from $17,000 to $40,000 per acre. Both immature and mature orchards are showing strong values and demand. West side pistachio developments remain fairly similar in value as compared to east side orchards, primarily due to the pistachios' tolerance of marginal water quality, although the upper end of the range consists of orchards at or near full maturity within water districts with reliable and inexpensive surface water deliveries. The low end of the range in Madera County is reflective of older orchards planted on non-resistant rootstocks with 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 sale activity among tree fruit orchards was limited in Fresno County in 2020, the overall value trend is stable, with orchard values ranging from $22,000 to $34,000 per acre. 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 often redevelop the orchards to new tree fruit varieties or other permanent plantings. The tree fruit industry has consolidated under 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 2020 with a slightly increasing value trend. Orchard values ranged from $22,000 to $40,000 per acre. Demand remains strongest for specialty citrus crops including mandarins, Tangos and modern lemon and navel varieties such as Blood and Cara Cara. Demand for the Clementine and Murcott varieties has decreased due to the higher cost of production necessary to eliminate seeds. A significant increase in mandarin acreage has been noted over the past several years, continuing throughout 2020. Navels and lemon varieties have also experienced an increase in bearing acreage with a decline noted in Valencia acreage. The low end of the range is characteristic of older groves with inferior varieties in high water cost areas. Most buyers of these older groves continue to farm them in the short term with redevelopment imminent.

VINEYARDS

The majority of vineyard transactions involved traditional raisin producing vineyards in Fresno and Madera Counties, with most of the sale activity 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 have remained consistent with or slightly above open land values. The value trend for raisin grape vineyards has remained stable over the last year selling from $26,000 to $35,000 per acre for vineyards with multiple sources of water. The high end of the value range is representative of vineyards with yields substantially above industry standards and/or location within prime water districts.

Wine grape vineyard sale activity was considered limited in 2020 with an overall stable value trend ranging from $24,000 to $32,000 per acre for vineyards within an irrigation district. The market indicates little to no value for wine grape vineyards with most vineyards mirroring land values. Demand remains driven by good quality soils and water conditions for redevelopment to nut crops. Commodity prices for wine grape varieties began their rebound in 2020, due to increasing consumer demand for wine in the $10+/- per bottle range with wineries looking for supply in the interior regions of the San Joaquin Valley.

Table grape vineyard sales were also very limited in 2020, with the data suggesting a stable value range from $26,000 to $35,000 per acre. The low end of the value trend 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 activity for vineyard properties without surface water supplies remained limited in 2020. The value trend is described as slightly declining, ranging from $12,000 to $22,000 per acre, a slight decline in both the high and low end values, as compared to 2019. The decline in value for vineyards within White Land areas (areas with no surface water rights or delivery) reflect the overall softening in land values due to SGMA.

CROPLAND

The market activity for cropland in all markets in Fresno and Madera counties ranged from limited to strong, with stable value trends primarily demonstrated throughout the region. Regarding cropland located in federal water districts (USBR), the most recent indicators within the Westlands Water District indicate an increasing value trend with values ranging between $5,500 and $11,000 per acre. The increase is attributed to the elimination of the USBR acreage limitation associated with the recently obtained 9D contract. The San Luis and Panoche Water Districts have applied for a 9D contract, which will eventually eliminate the 960-acre limitation within these districts as well. The highest values are currently found within the Westlands Water District. Cropland lacking a supplemental water source and/or with 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 ($9,000 to $11,000 per acre). Sale activity continues to be driven by buyers who intend to develop the properties to permanent plantings, primarily pistachio and almond orchards.

Activity in the Exchange Contractor districts of Western Fresno and Madera Counties was limited in 2020; but the data points suggested a slightly increasing value trend and strong market demand, with cropland values ranging from $12,000 to $22,000 per acre. Cropland 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 who would like to expand their operations. The Exchange Contractor districts provide strong surface water stability lacking in the USBR districts.

Market activity of Fresno County cropland with surface water delivery was moderate in 2020, with a stable 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 side 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 cropland value is water source. Irrigated field cropland with both surface water deliveries and good-quality well water retain the strongest demand and value. The high end of the value range reflects land within irrigation districts whose Groundwater Sustainability Plans (GSPs) mandate little to no groundwater pumping restrictions and plan to mitigate any basin overdraft via groundwater recharge ponding basins throughout the district.

Activity and demand for Fresno County cropland with well water as its sole water supply remained limited in 2020, with a stable value trend ranging from $10,000 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 2020; however, the trend has remained stable for those properties within irrigation districts, with cropland values ranging from $16,000 to $24,000 per acre. Properties solely reliant upon well water reflect a stable value trend with limited demand, similar to Fresno County, with cropland values ranging from $8,000 to $14,000 per acre. 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 surface water deliveries on the east side of Fresno and Madera Counties are becoming more vital due to SGMA. Properties with multiple sources of water have experienced the greatest demand and strongest values in 2020. This trend is expected to continue as local GSPs went into effect in 2020.

A few Groundwater Sustainability Agencies within Fresno and Madera Counties have already begun to implement self-imposed groundwater pumping restrictions in 2020 going forward. Draft GSPs were submitted in January 2020 and are awaiting response from DWR. Response and assessment of each GSP is due within 2 years of submittal.

RANGELAND

Market activity was limited for rangeland properties in the west side and east side markets of Fresno County and the eastern Madera County market, indicating a stable value trend. Market demand remained stable for east side properties, selling between $900 and $2,500 per acre. The high end of the range in the east side 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. West side rangeland sales were very limited in 2020, supporting a stable value range between $300 and $1,000 per acre.

DAIRY INDUSTRY

Market activity for dairy facilities continued to be very limited in 2020; however, market demand and value trends for dairies remained stable. Values are often supported by interest in the underlying land from permanent planting growers, especially in areas with multiple sources of water and/or with good permanent planting development potential. Most sales of smaller facilities in the valley continue to be purchased primarily 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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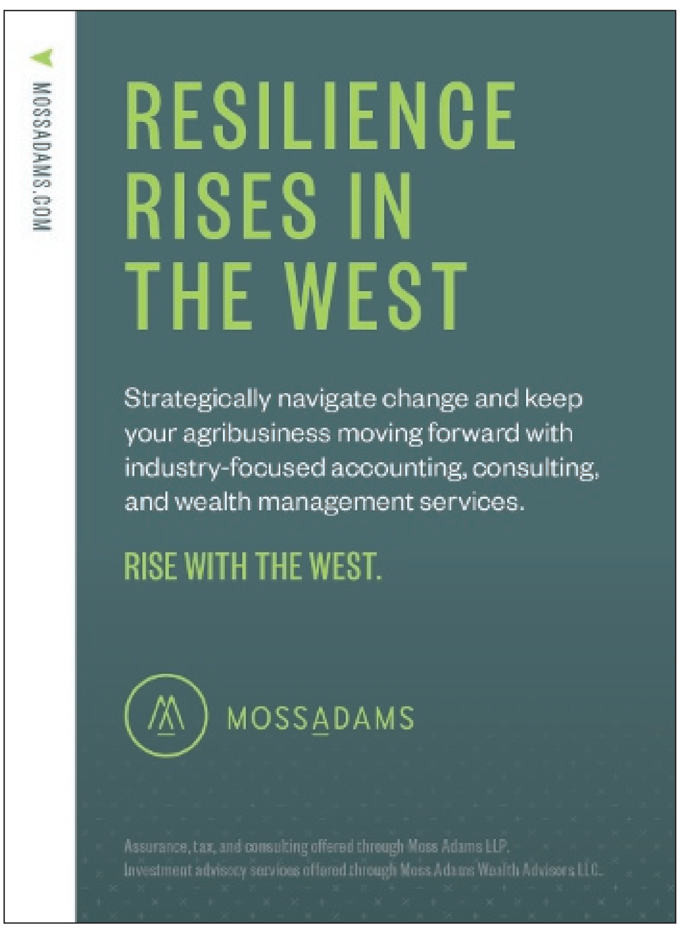
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VALUES: LAND AND LEASE

4

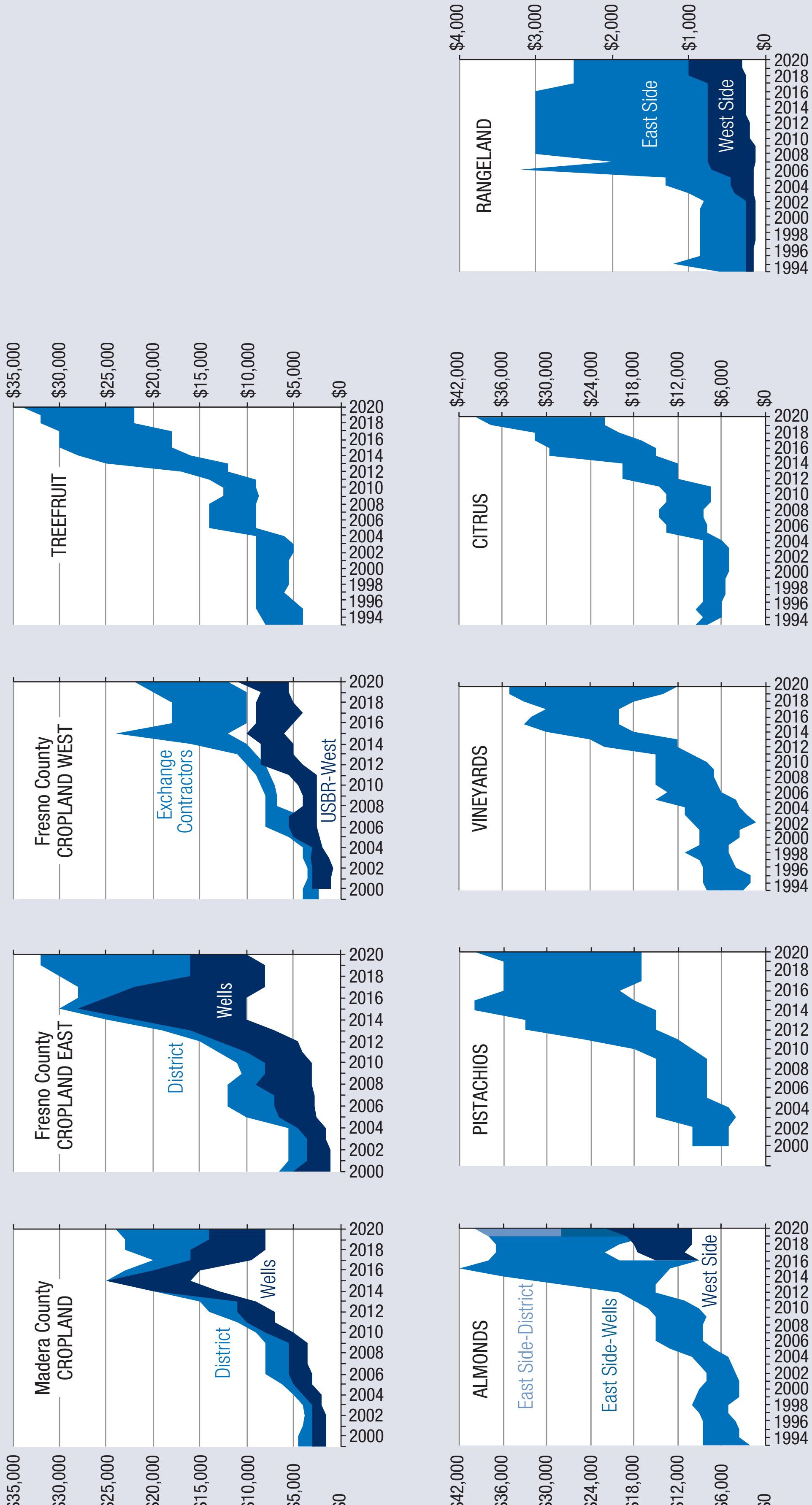
LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
PERMANENT PLANTINGS					
Almonds (East Side - District Water)	$27,000 - $40,000	Stable	Limited	Stable	25% - 35%
Almonds (East Side - No District Water)	$16,000 - $28,000	Limited	Limited	Stable	25% - 35%
Almonds: West Side	$10,000 - $22,000	Strong	Moderate	Increasing	25% - 35%
Pistachios	$17,000 - $40,000	Strong	Moderate	Increasing	25% - 30%
Tree Fruit	$22,000 - $34,000	Stable	Limited	Stable	$650 - $850
Citrus	$22,000 - $40,000	Strong	Moderate	Sl. Increasing	$650 - $850
Raisin Grapes	$26,000 - $35,000	Stable	Moderate	Stable	20%
Table Grapes	$26,000 - $35,000	Stable	Very Limited	Stable	N/A
Wine Grapes	$24,000 - $32,000	Limited	Limited	Stable	N/A
Vineyards (No District Water)	$12,000 - $22,000	Limited	Limited	Sl. Declining	20%
CROPLAND					
Fresno County (USBR-West)	$5,500 - $11,000	Strong	Strong	Increasing	$175 - $350
Fresno County (Exchange Contractor Districts)	$12,000 - $22,000	Strong	Limited	Sl. Increasing	$250 - $450
Fresno County (Districts)	$11,000 - $32,000	Stable-Strong	Moderate	Stable	$200 - $400
Fresno County (Well Water, No District)	$10,000 - $16,000	Limited	Limited	Stable	$200 - $400
Madera County (Districts)	$16,000 - $24,000	Stable	Limited	Stable	$200 - $350
Madera County (Well Water, No District)	$8,000 - $14,000	Limited	Limited	Stable	$200 - $350
RANGELAND					
West Side	$300 - $1,000	Stable	Very Limited	Stable	$5 - $15
East Side	$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								
2020	$10,000 - $22,000	$16,000 - $40,000	$17,000 - $40,000	$22,000 - $34,000	$22,000 - $40,000	$26,000 - $35,000	$26,000 - $35,000	$24,000 - $32,000
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

LAND USE	CROPLAND USBR-WEST	CROPLAND EXCHANGE CONTRACTORS	CROPLAND DISTRICT WATER	CROPLAND WELL WATER		CROPLAND MADERA DISTRICTS	CROPLAND WELL WATER	
FRESNO COUNTY						MADERA COUNTY		
2020	$5,500 - $11,000	$12,000 - $22,000	$11,000 - $32,000	$10,000 - $16,000		$16,000 - $24,000	$8,000 - $14,000	
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	

LAND USE	RANGELAND WEST SIDE	RANGELAND EAST SIDE			DAIRIES NEWER	DAIRIES OLDER		
FRESNO & MADERA COUNTIES								
2020	$300 - $1,000	$900 - $2,500			$1,400 - $2,400	$700 - $1,400		
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		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SOUTHERN SAN JOAQUIN

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KERN KINGS TULARE

SOUTHERN SAN JOAQUIN 5

GENERAL COMMENTS

The agricultural land market within Region 5 was resilient against the effects of COVID-19 when compared to other major real estate sectors. Value trends within the agricultural land market were mostly stable, with exception of properties with marginal to no surface water rights. Concerns and further clarity in 2020 over the implementation of Groundwater Sustainability Plans (GSPs) and the Sustainable Groundwater Management Act (SGMA) provided further direction on market pricing for permanent crops and more importantly the underlying land value. The market has taken into greater account the future water budget of property based on projected groundwater pumping regulations and historical percentage of surface water deliveries in the analysis of the property's feasibility, in addition to the intended crop to be grown in determining values.

Water districts and Groundwater Sustainability Agencies have already begun to implement self-imposed groundwater pumping restrictions in 2020 going forward. Draft Groundwater Sustainability Plans (GSPs) were submitted in January 2020 and are awaiting response from DWR. Response and assessment of each GSP is due within 2 years of submittal

Nut crops dominate the landscape of Region 5, which include almonds, walnuts, and pistachio orchards. Continued weak commodity prices for almonds and walnuts have created downward pressure on values within their respective orchard markets and increased removal of older, less productive orchards. By comparison, pistachio commodity pricing remained strong increasing demand for pistachio orchards in a market with an already limited supply.

ALMONDS – ALL

While overall almond commodity prices were substantially weaker in 2020, the last quarter of the year showed slightly stronger prices as trade began to pick up. 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 lower prices. The slightly stronger prices in the fourth quarter of the year created stability but did not increase demand in the orchard market. The movement of orchards is below average and values have appeared to be stable to slightly lower. Almond orchards are selling in a range of $20,000 per acre to $34,000 per acre in Kern County.

Good quality orchards in 2020 define the high end of the range, selling from $28,000 to $34,000 per acre. Older orchards with limited economic life define the low end of the value range selling from $20,000 to $24,000 per acre. There are buyers actively in the market but very limited sellers. Buyers are searching for younger orchards, aged 4 to 10 years and older orchards for redevelopment with multiple sources of water.

TABLE GRAPES – ALL

Sales of table grape vineyards were very limited in 2020, 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 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 with limited sellers of newer variety vineyards. Older vineyards with out-of-favor varietals range from land value to $20,000 per acre.

The table grape industry had a breakeven year in 2020, following five previous years of losses. Operators indicate 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. Coming off 2020 and looking forward there is a consensus that there will be significantly fewer growers in the coming years, as vines are removed and nut or citrus crops are planted in their place. As a result of over production, tariffs, labor, 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 $21,000 to $40,000 per acre in 2020. 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, desirable 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 2020, similar to almonds, though walnuts were affected by trade tariffs to a much greater degree. Sales of walnut properties were very limited, selling from $24,000 to $30,000 per acre in Tulare County.

PISTACHIOS – ALL

While 2020 pistachio commodity prices fell slightly from 2019 levels, the decline was less than that experienced by other nut crops, and prices remain at profitable levels for growers. As a result there were a few good quality orchards for sale in areas with dependable water supplies, and 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 $48,000 per acre. Large and small blocks of pistachios in White Land areas (areas with no surface water rights or delivery) are receiving little to no buyer activity.

RENTAL DATA ON PERMANENT CROPS

In Region Five, 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.

5

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 long-term effects on water use and its 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 2020 was substantially lower from the previous year in both water districts with less reliable water sources and in White Land areas. The number of marketed properties actually rose reflecting slowing demand for permanent crop development land in these areas. The amount of projected surface water deliveries and groundwater pumping safe yields 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 2020 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 2020, with a stable value trend projected going forward.

TULARE & KINGS COUNTIES

CROPLAND

Tulare County cropland property values were stable on the high end but decreasing on the low end of the value range, from $9,500 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, in districts whose GSPs have no groundwater pumping restrictions. The lower end of the range, generally from $9,500 to $24,000 per acre, is defined by properties in irrigation districts with more limited surface water delivery whose GSPs have groundwater pumping restrictions that increase over time. The high end of this lower portion of the range decreased in the second half of 2020.

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 to $8,000 per acre. Land sales in Southern Kings County were also very limited with two sales indicating values of $12,000 to $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 out of 21 High Priority Basins. The High Priority ranking is due primarily to subsidence, overdraft and water quality degradation.

DAIRY

All dairy facilities were purchased primarily for re-development to permanent plantings.

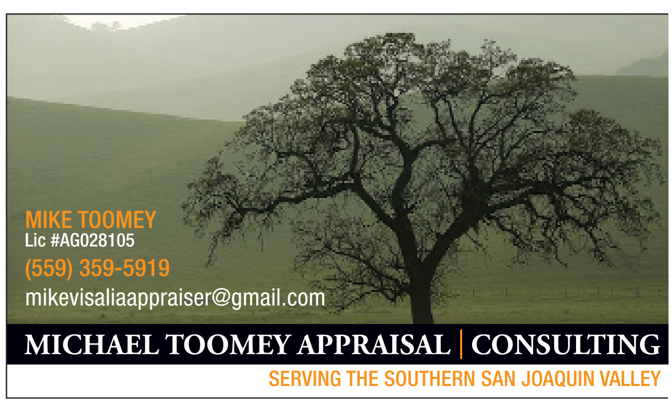
One viable dairy operation was leased during 2020. The rate was $17 per lactating cow.

The dairy industry has and continues to contract with little change in the foreseeable future.

5

VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
Almonds	$20,000 - $34,000	Below Average	Limited	Stable to Sl. Lower	10% - 20%
Pistachios	$30,000 - $48,000	Strong	Limited	Stable to Higher	No Rents
Table Grapes	$20,000 - $36,000	Weak	Limited	Weak and Weakening	$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	$9,500 - $31,000	Average	Limited	Stable	$200 - $500
Walnuts	$24,000 - $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	Stable	$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 (per lactating cow-w/o underlying land)	$925 - $2,100	Low	Limited	Limited to None	One lease at $17



HISTORICAL VALUE RANGE PER ACRE

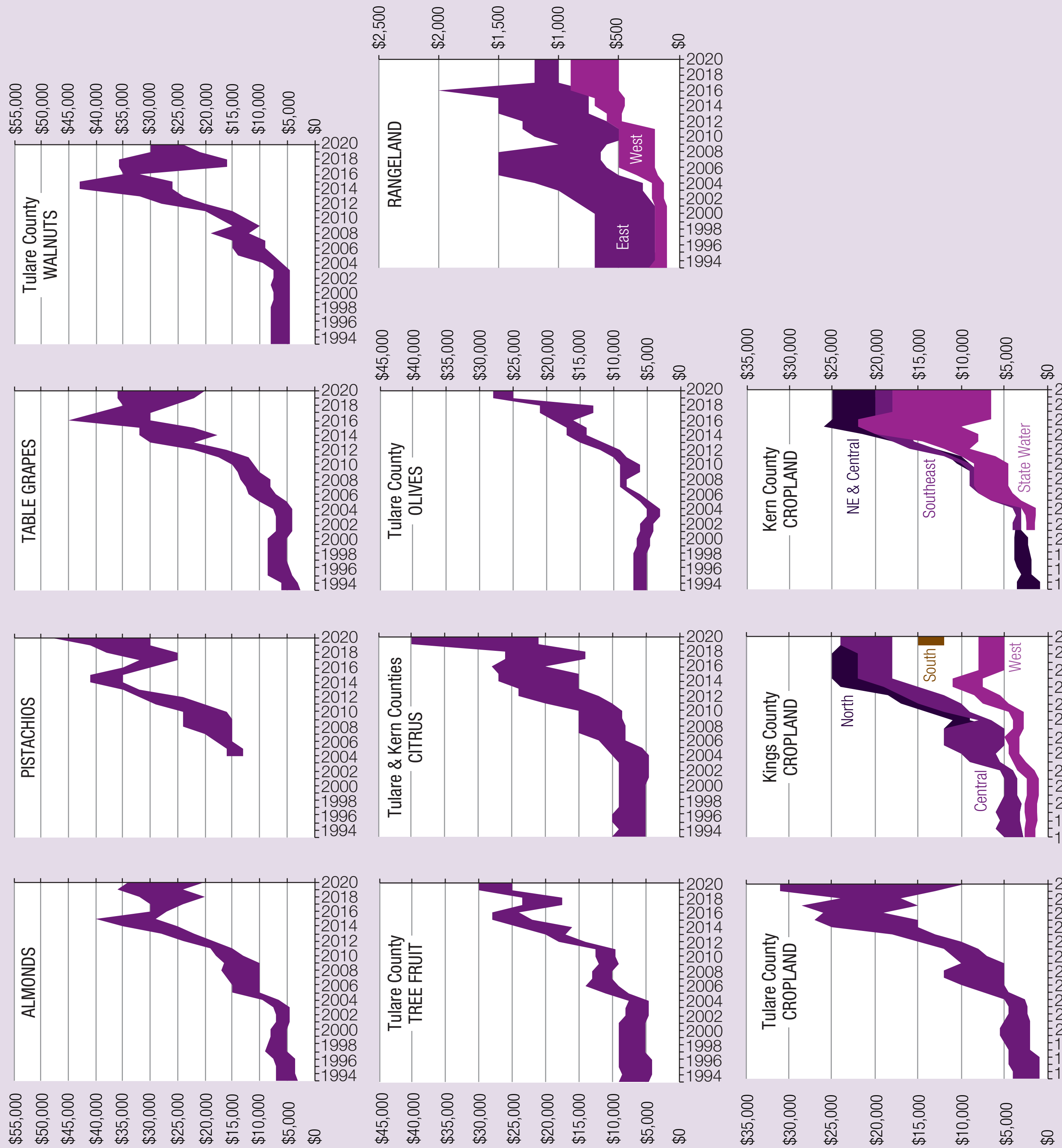
LAND USE	ALMONDS	PISTACHIOS	TABLE GRAPES	RANGELAND (EAST)	RANGELAND (WEST)
2020	$20,000 - $34,000	$30,000 - $48,000	$20,000 - $36,000	$1,000 - $1,200	$500 - $900
2019	$24,000 - $36,000	$30,000 - $41,000	$22,000 - $36,000	$1,000 - $1,200	$500 - $900
2018	$20,000 - $32,000	$25,000 - $38,000	$26,000 - $35,000	$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

LAND USE	CROPLAND NE & CENTRAL	CROPLAND SOUTHEAST	CROPLAND STATE WATER	CITRUS
KERN COUNTY				
2020	$20,000 - $25,000	$18,000 - $20,000	$6,500 - $18,000	$22,000 - $26,000
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

LAND USE	CROPLAND	WALNUTS	CITRUS	TREE FRUIT	OLIVES
TULARE COUNTY					
2020	$9,500 - $31,000	$24,000 - $30,000	$21,000 - $40,000	$25,000 - $30,000	$25,000 - $28,000
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

LAND USE	CROPLAND (NORTH)	CROPLAND (CENTRAL)	CROPLAND (WEST)	DAIRIES, NEWER*
KINGS COUNTY				KINGS, TULARE & KERN COUNTIES
2020	$20,000 - $24,000	$18,000 - $24,000	$5,000 - $8,000	$925 - $2,100
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

*(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
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Hancock Agricultural Investment Group

The Hancock Agricultural Investment Group (HAIG), is a leading global farmland investment manager overseeing 300,000 acres of high-quality permanent and row crop farmland throughout the U.S., Australia and Canada.

Hancock Farmland Services (HFS) is a division of HAIG and our integrated property manager, overseeing the majority of our farmland assets throughout the U.S. HFS provides budgeting, oversight, lease negotiations and direct farming activities. A number of HFS and HAIG staff are Accredited Farm Managers or Accredited Agricultural Consultants.

Hancock Agricultural Investment Group®

A Manulife Asset Management Company

Brent A. Reed, AAC
Associate Director
Senior Acquisitions Manager
(559) 562-1500
brent.reed@hnrg.com

Hancock Farmland Services

A Division of
Hancock Agricultural Investment Group,
A Manulife Asset Management Company

Carl B. Evers, Jr., AFM
COO
Western Permanent Crops
(209) 993-6452
cevers@hnrg.com

6

CENTRAL COAST

REGION CHAIR & COMMITTEE

ALLISON RENZ CLARK, ARA – CHAIR

TODD COMBS, ARA | RICK MERCIER, ARA | TYLER WAITON

R. ANTHONY BRIGANTINO, MAI | NICK DAVIS, MAI | KYLE BROWN, MAI

MICHAEL CULLINAN | DEE DEE DUNSTAN, MAI

ALAMEDA MONTEREY SAN BENITO SAN LUIS OBISPO SAN MATEO

SANTA BARBARA SANTA CLARA SANTA CRUZ VENTURA

CENTRAL COAST

6

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 (five 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 often 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 five to ten acre residential sites and 20 to 40 acre "speculative" sites purchased by long-term investors.

Currently row crop sales are typically in the $25,000 to $60,000 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 the owner paying the property taxes and insurance and the tenant paying the utility costs. There appears to be a recognized rental premium for organic ground in this market area.

SAN BENITO COUNTY

ROW CROPS

San Benito County row crop prices are stable/increasing, with relatively limited activity over the past year. Demand is 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 $22,000 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. In light of recent drought conditions, unpredictable district allocations have adversely impacted farming operations in areas with poor groundwater quality. Additionally, the San Benito County Water District is now delivering recycled water to growers along Wright Road from the city's reclamation facility.

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 appear to 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 in 2020. Sale activity was typical, with a handful of transactions occurring, most of which were in the southern part of the county. Sales indicate values ranging from $28,500 to $75,000 per acre. The general trend over the past few years is that increasing values in the southern part of Monterey County are reducing the value gap between the primary areas closer to Salinas. There was a nearly equal mix between the sale properties being formally listed for sale on the open market or transactions being negotiated directly between the parties involved. The properties listed for sale indicate strong demand, with multiple interested parties and offers received, and sales prices above initial asking prices.

Such increasing values, and corresponding decreasing capitalization rates, have somewhat priced investors out of the market on the interim, until rents catch up. However, there has been more investor activity recently, with one of the transactions involving an institutional investor making their first acquisition in the Salinas Valley. 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 continued a stable trend for 2020. Sale activity was very limited, with only a few transactions occurring in 2020. Market demand was difficult to gauge due to the very limited supply of farmland available. 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. These factors include 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, current rates typically range from 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.

Central Coast Rangeland (Santa Clara, San Benito & Monterey Counties): 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 buyers. 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. As a result of the current pandemic, there appears to be a renewed interest in purchasing recreational ranches. Additionally, land trusts/open space districts appear to be more active in the market when it comes to some of the more critical pasture ranches.

OTHER INFLUENCES & CONCERNS

CANNABIS

2020 saw the completion of a California Environmental Quality Act (CEQA) analysis for 45 greenhouse properties in the Salinas Valley, which had been an impediment for completing permits as the applicants were waiting on the traffic analysis portions to move forward; this is judged to remove some risk to new operations coming online. Similar to other investment sectors, there was limited activity overall in the Monterey County area as the market dealt with the unknowns of a pandemic. There were no greenhouse sales to speak of in Monterey County, but several properties are reportedly in escrow at prices that indicate stable to increasing values for large-scale cannabis producers. Santa Cruz County had at least one greenhouse sale and San Benito County also had a 2020 sale after the approval of a maximum of 50 licenses in early 2019. To the south, in Santa Barbara County, there was little in greenhouse sales activity, but there were several sales of properties in the Los Alamos/ Lompoc/Santa Ynez areas for open grow operations, which is unique to Santa Barbara County where there is reportedly a potential to crop twice given the micro-climates and emerging strains. Processors are investing in open grow properties in traditional northern California grow areas to keep control over their supply of flower, but if Santa Barbara continues to permit open grow and expansion of the industry, we could see an increasing portion of the cannabis processed in the Central Coast of California being sourced from Santa Barbara. Indoor leasing activity has slowed as the market continues to stabilize.

FARM LABOR HOUSING

Similar to last year, demand for Farm Labor Housing (FLH) remains strong and there has been little activity to add large quantities of beds for H2A or low-income homes for domestic labor. Salinas saw an additional 1,200 beds added in a large FLH project located at the periphery of the City and some smaller projects that had sewer access and historic farm labor housing uses; these developments were not spurred by last year's passage of AB1783 as incentives from the bill are negated by the requirement for a non-profit middleman to manage the FLH. The large projects Monterey County has approved are highly similar and are anticipated to operate efficiently during the pandemic, as they are designed with negative air pressure to keep air in the units clean, thus potentially reducing airborne disease and allowing the occupants to quarantine in their units, if needed. There has also been some activity regarding accessory dwelling units (ADUs) to help alleviate the housing demand statewide, but thus far the market has seen only minimal activity and no substantive impact has been made. Nonetheless, counties are pursuing options to spur development as seen in Ventura County where approved ADU plans for farm worker units have been provided by the county and the permit process will be streamlined for applicants using those plans for farm labor housing. There were reportedly sales of motels in the Santa Maria area to be used specifically for FLH.

SANTA MARIA VALLEY

IRRIGATED VEGETABLE/ STRAWBERRY LAND

Current land prices in the heart of the Santa Maria Valley are ranging between $35,000 and $64,000+/- per acre. Farmland in the Santa Maria Valley is stable with limited activity. Within the prime vegetable and strawberry growing area of the Santa Maria Valley there was only one sale in 2020 and one in 2019 of irrigated farmland. The 2020 sale was allocated at $63,691 per acre and the 2019 sale 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 the same from last year, with the current vegetable crop rents ranging from $1,300 to $1,900 per acre. Strawberry rents have remained strong with a range of $2,000 to $3,000+ per acre. The Lompoc Valley, Buellton, and Los Alamos areas had sales ranging from $25,000 to $40,000 per acre for irrigated cropland. The Arroyo Grande and Oceano Plain areas had sales ranging from $30,000 to $50,000 per acre. Rents in these areas typically "top-out" at $1,600 per acre.

CENTRAL COAST

WINE GRAPES

There were a lot of head winds going into 2020 before the global pandemic, such as excess in the bulk wine market, soft grape demand, and wine sales growth flattening. The demand for wine grapes hit a low point in the spring of 2020, with reports of uncontracted fruit and no new contracts being written. By the summer of 2020 a clear trend had emerged that off-premise wine sales were doing very well, as consumers were loading up and buying from grocery stores and online (government lockdowns). The Central Coast grows a lot of grapes that support large/off-premise wine programs. By August large producers throughout California started to tap into the bulk wine market, which coincided with the devasting Central Coast and North Coast wildfires (River, Carmel, Dolan, LNU Lightning Complex, Glass, etc). By late August (Central Coast) and September (North Coast) it was clear that there would be considerable smoke taint, which fueled demand for bulk wine. Within 60 days the bulk market went from an oversupply to a more balanced position. The 2020 harvest was already expected to be on the lighter side and smoke taint made that a reality, especially for Pinot Noir in Monterey County. San Luis Obispo and Santa Barbara County were mostly insulated from smoke damage.

Overall, the grape market going into 2021 is in a better place because of the reduction in bulk wine inventory, removal of older vineyards, light 2020 crop, and demand for large wine programs that the Central Coast grapes support. It is important to understand that even with the improved grape demand, there has been a correction in the grape market and new contracts reflect prices that are 10 to 30% off their peak. Some high-level trends for Central Coast vineyard/plantable land sales in 2020 include wineries divesting vineyard assets, growers retiring/exiting the market, investment funds acquiring older vineyards as redevelopment projects (hoping to capture the market on the way back up as the vineyards come into production), and suitable vineyard land being developed to lemons (Edna Valley). The softer grape market in 2020 did have some impact on values, specifically vineyards that sold without grape contracts. Vineyards with grape contracts and located in desirable AVAs did not indicate any softening. Overall, the value trend for Central Coast vineyards in 2020 was decreasing to stable. The decreasing value trend was captured at the lower end of the market range and was a result of a few different factors; seller motivation, lack of grape contracts, and older vine age, or a combination of these factors. With the overall improvement in the grape market going into 2021 after the light crop and depletion in the bulk wine market, industry experts are cautiously optimistic.

Monterey County: Pinot Noir and Chardonnay continue to be the leading varieties, both for mature plantings and new plantings. The trend of removing older vineyards continued in 2020, with the land being converted to irrigated field crops or back into vineyard. 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 sales that occurred in 2020 indicated mostly stable values, with the only signs of softening having to do with vineyards that had limited or no grape contracts or were influenced by seller motivation.

In 2020 there were a handful of vineyard/plantable land transactions, which is typical for Monterey County. That might be hard to believe seeing 2020 and the word typical in the same sentence. The number of transitions was the only "normal" aspect of the Monterey County vineyard market in 2020. Of the handful of sales, only one featured a viable/modern commercial vineyard. The sale is in the Santa Lucia Highlands AVA and improved with mostly young to mid-life vines. The property sold in May to an investment fund and supported a value near $60,000 per acre. This is considered a low sale for a modern Santa Lucia Highlands vineyard. Factors that were reported to impact the sale price included the motivation of the seller and a portion of the vineyard not being contracted due to the soft grape market. Other transactions include an older/interim commercial vineyard on the east side of the Salinas Valley which supported a plantable land value between $40,000 and $45,000 per acre. Another transaction occurred in an outlying location and supported a plantable/interim vineyard value between $20,000 and $25,000 per acre. While it is not uncommon for older vineyards to support values near plantable land, the softer grape market in 2020 reduced the economic life of these vineyards. In a stronger market, 25 to 30 years is generally when vineyard values reduce to plantable land values, but in 2020 vineyard values approached plantable land values at the to 20 to 25-year mark.

San Luis Obispo County: 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 limited competition from vegetable and berry growers. Vineyard values mostly range between $20,000 and $75,000 per net vine acre, while plantable land values are mostly between $15,000 and $50,000 per acre. The middle to upper end of the range is mostly captured by premium growing areas (above average grape pricing), such as West Paso, Santa Ynez Valley, Edna Valley, Santa Maria Valley, and Sta. Rita Hills, The middle to lower end of the range is mostly captured by the East Paso, Shandon, San Miguel, and Creston areas. The Los Alamos area has historically supported values at or slightly above the mid-point of the typical range.

• West Paso/Templeton: 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 $75,000 per net vine acre. Land and vineyard values are influenced by above average grape and bottle pricing, 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. With the smaller parcel sizes and significant rural estate and winery site appeal it is common practice to allocate a site component in addition to the vineyard and plantable land value. It is important to hire a local agricultural appraiser to better understand the nuances and complexities impacting "westside" vineyard properties. Between 2018 and 2019 there were two trophy "westside" sales that included vineyards allocated at more than $100,000 per net acre, but these are considered outliers and not presented in the table. In 2020 there were no trophy "westside" vineyard sales. Plantable land values have been stable to improving and mostly fall between $35,000 and $50,000 per acre.

• East Paso / Creston / Shandon / San Miguel: 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 are a small component of the overall market and, because of this, are not presented in the table. Plantable land sales with off-set requirements often support values that are at least half that of plantable land sales with no offset requirements. In 2020 the trend continued of older vineyards being purchased with plans for redevelopment. These sales can be generalized as having grape pricing at or below county average, with historical production at or below four tons per acre, and in some cases with only break-even production (grape sales offset by farming costs). These less profitable/interim vineyards supported values near plantable land. The next group of vineyard sales for this area are near or just past 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 2020 there were no vineyard sales that fell in this category, apart from a large portfolio sale totaling over $100,000,000, that included vineyards throughout East Paso/Shandon and Oregon. Another large transaction worth noting, which set a new low in the market, included young/modern vines, older/declining vines, table grapes, and fallow/plantable land. Vineyard and plantable land components for this sale indicated softening in the market. Factors that were reported to impact the sale price included seller motivation and lack of grape contracts.

• Edna Valley: This area 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. Similar to the analysis of West Paso/Templeton, site/entitlement values are commonly set aside for premier rural estate and winery locations. Market activity has historically been limited in this small valley, with a handful to no sales at all being normal. 2020 was no exception. 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 2020 there was one viable/modern commercial vineyard sale, with well above average grape pricing and supporting a vineyard value at the upper end of the market. There were also a few plantable land sales (open/fallow or interim/declining vineyard). Plantable land and interim vineyard values in Edna Valley typically range between $35,000 and $50,000 per acre, while modern/viable vineyards mostly fall between $50,000 and $70,000 per acre.

Santa Barbara County: 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.

• Santa Maria Valley AVA: This 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, with vineyard holdings mostly owned and purchased by wineries and intuitional investors, and to a lesser degree 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 2020.

• Central Coast AVA: Moving south along Highway 101 is the Los Alamos growing area, which borders Highway 101 on both sides and extends west along Highway 135, then south along Highway 1, and ends moving west along Highway 246 (Santa Rita Hills AVA & Santa Ynez Valley AVA). 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. In 2020 there were three commercial vineyard sales. The first sale is located along the east side of Highway 101, with approximately half of the vineyard being young and modern, while the other half was older and declining. The sale also included a good amount of fallow/plantable land. Vineyard and plantable land components for this sale indicated softening in the market. Factors that were reported to impact the sale price included seller motivation, lack of grape contracts, and below average production. The second sale is located just outside the Santa Rita Hills AVA, five miles northeast of central Lompoc. The sale included immature vines with grape contracts, along with cleared plantable land that is scheduled for development in 2021. The sale supported a vineyard value near $60,000 per acre and a plantable land value near $30,000 per acre. The last sale is located west of Los Alamos, along Highway 135, with most of the land fallow/plantable and the remaining blocks planted to older and declining vineyard (plantable). This sale also supported a plantable land value near $30,000 per acre, which indicates some softening for this location compared to area land sales over the last three years.

• Santa Rita Hills AVA: 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 2020 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 on the North Coast.

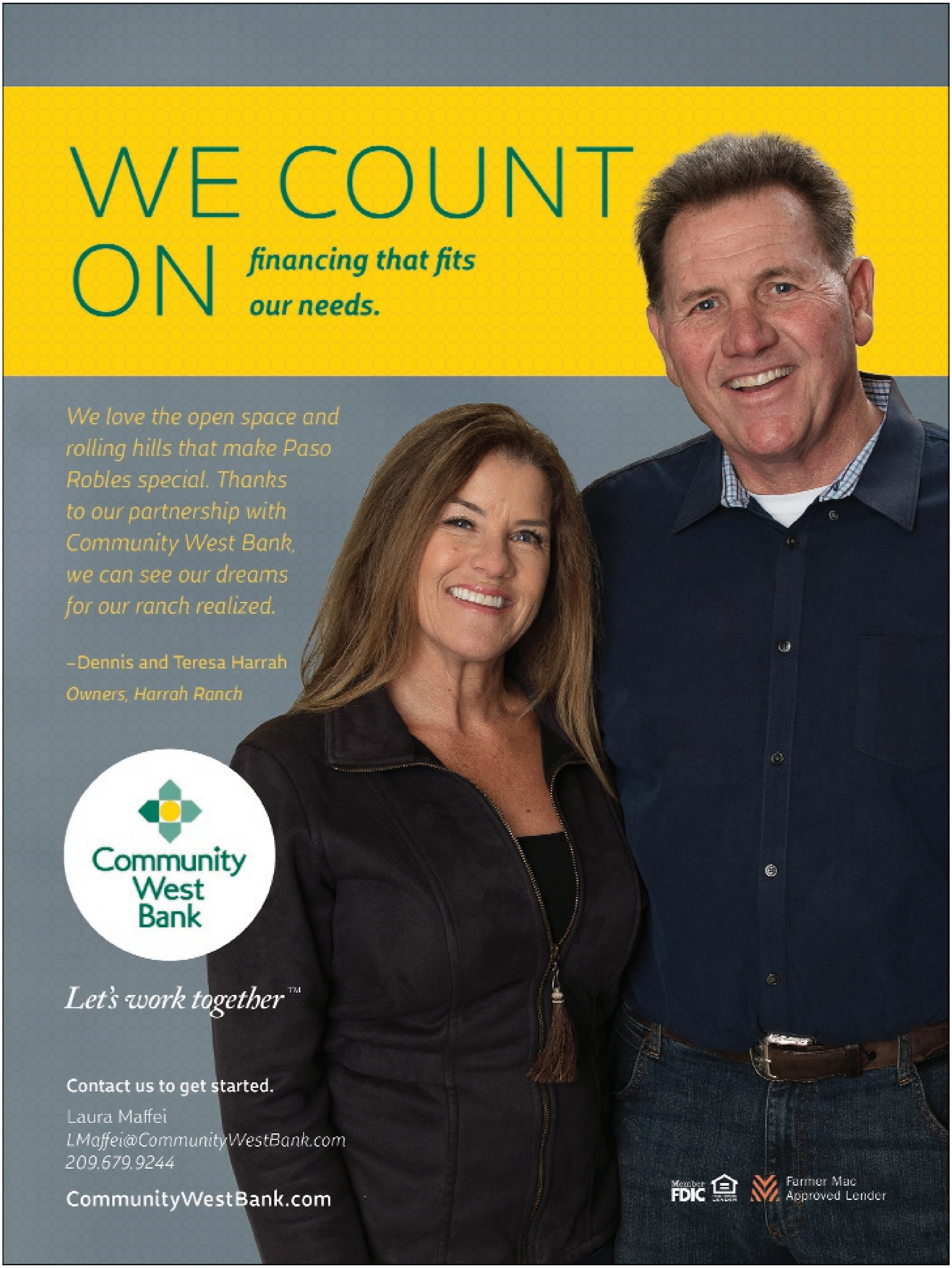
• Santa Ynez Valley AVA: Sale activity has historically been very limited in the Santa Ynez Valley, with plantable land and vineyard values remaining stable, with signs of improvement. This area has similar influences as West Paso and Enda Valley, with land and vineyard values impacted by above average grape and bottle pricing, smaller parcel sizes, and rural estate and/or winery site appeal. The most active part of this market comes from lifestyle buyer demand, with the driver for sales being estate residence and/or equestrian improvements, with secondary consideration given to vineyard/plantable land. There were no commercial vineyard sales (greater than 20 acres) in the Santa Ynez Valley in 2020. Historically vineyard allocations for this area range between $50,000 and $70,000 per acre. Plantable land values mostly range between $40,000 and $50,000 per acre. In 2020 there were a few plantable land sales, which supported values near the upper end of the historical range.

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 from $750 to $7,000 per acre, while the second group ranges from $300 to $1,500 per acre. The primary influence which drove prices up on the smaller parcels was residential and/or recreational uses. 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, has shown substantial recovery over that past several years. This area is very attractive for large, rural home sites, with these properties typically being less than 1,500 acres. Sales range from $2,500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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.
–Dennis and Teresa Harrah
Owners, Harrah Ranch
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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 some cultivatable land.

There have been several recent sales of small to medium size ranch (480-1,700 acres) properties along the coastal Santa Lucia Mountains in 2019 and 2020. These sale properties ranged in price from $5,270 to $14,000 per acre. The primary differences in pricing were due to location, ocean views, and buyer/seller motivation.

VENTURA COUNTY

IRRIGATED VEGETABLE/ STRAWBERRY LAND

The prime area of Ventura County for irrigated crops is the Oxnard Plain. The 2020 sales in the Oxnard Plain for vegetable/berry ground ranged from $65,700 to $85,500 per acre. However, there was one transaction significantly above this range due to buyer motivation. 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 can negatively affect crop-growing conditions. Prices in these eastern areas range between $42,000 and $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.

VENTURA & SOUTHERN SANTA BARBARA COUNTIES

LEMONS & AVOCADOS

Ventura County and Southern Santa Barbara County lemon and avocado values for commercial-size orchards have been stable over the past several years, based on limited sales. Prices for commercial-size orchards in the Goleta, Santa Barbara, and Ventura areas range from $35,000 to $65,000 per acre. Smaller-sized orchards (40 acres and less) sell for higher prices, between $65,000 and $90,000 or more per acre. The upper-end values on some of the smaller size orchards are reflective of the underlying homesite values (such as ocean views) found in these parcels verses the commodity. The lower sale prices represent properties located in areas with more extreme temperatures, such as to the east or more inland, which can negatively affect growing conditions, and/or orchards needing to be redeveloped. There have been few sales of very large avocado/lemon plantings, with the most recent sale being in the Moorpark area of Ventura County. The avocados from this sale are estimated to have contributed approximately $63,000 per acre and the lemons approximately $57,000 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	$25,000 - $60,000	Strong	Moderate	Increasing	$400 - $1,200
Rangeland	$1,500 - $7,500	Moderate-Strong	Limited	Increasing	$15 - $30
MONTEREY COUNTY					
Row Crops	$28,500 - $75,000	Strong	Moderate	Increasing	$1,000 - $3,500
Plantable (Wine Grapes)	$20,000 - $50,000	Moderate	Very Limited	Stable	N/A
Wine Grapes	$25,000 - $75,000	Moderate	Very Limited	Decreasing to Stable	N/A
Rangeland	$700 - $2,000	Limited	Very Limited	Stable	$6 - $30
SANTA CRUZ COUNTY					
Row Crops	$40,000 - $72,000	Limited	Very Limited	Stable	$1,700 - $3,000
SAN BENITO COUNTY					
Row Crops	$22,000 - $45,000	Strong	Limited	Increasing	$500 - $1,800
Rangeland	$550 - $3,000	Moderate	Limited	Stable	$8 - $25
SAN LUIS OBISPO & SANTA BARBARA COUNTIES					
Row Crops	$25,000 - $64,000	Moderate	Very Limited	Stable	$1,300 - $3,000+
Plantable (Wine Grapes)	$15,000 - $50,000	Moderate	Moderate	Decreasing to Stable	N/A
Wine Grapes	$20,000 - $75,000	Moderate	Moderate-Strong	Decreasing to Stable	N/A
Coastal Rangeland (San Luis Co)	$2,500 - $15,000	Moderate/Strong	Limited	Stable	$10 - $25
Inland Rangeland (San Luis Co)	$500 - $7,500	Moderate	Limited	Stable	$5 - $20
Rangeland (Santa Barbara Co)	$2,500 - $15,000	Moderate	Limited	Stable	$7 - $20
VENTURA COUNTY					
Row Crops/Strawberries	$42,000 - $81,000	Limited/Moderate	Limited	Stable	$1,700 - $4,300
Lemons	$49,000 - $90,000	Moderate	Limited	Stable	N/A
Avocados	$35,000 - $65,000	Moderate	Limited	Stable	N/A

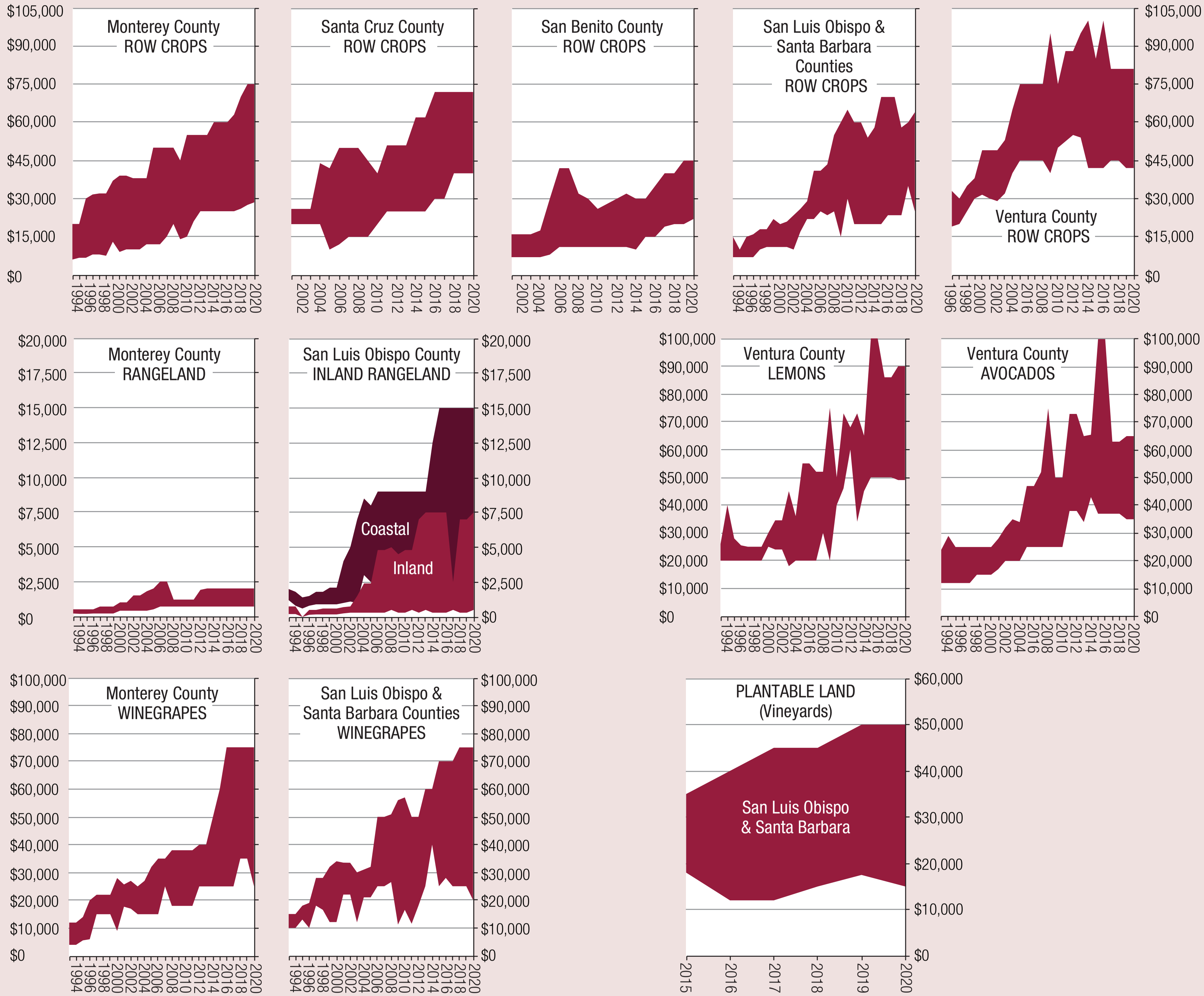
HISTORICAL VALUE RANGE PER ACRE

LAND USE	ROW CROPS	RANGELAND	WINE GRAPES
MONTEREY COUNTY			
2020	$28,500 - $75,000	$700 - $2,000	$25,000 - $75,000
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

LAND USE	ROW CROPS	ROW CROPS	RANGELAND
SANTA CRUZ COUNTY		SAN BENITO COUNTY	
2020	$40,000 - $72,000	$22,000 - $45,000	$550 - $3,000
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

LAND USE	ROW CROPS	RANGELAND COASTAL (San Luis Obispo County)	RANGELAND INLAND (San Luis Obispo County)	RANGELAND (Santa Barbara County)	WINE GRAPES	PLANTABLE (WINE GRAPES)
SAN LUIS OBISPO COUNTY & SANTA BARBARA COUNTY						
2020	$25,000 - $64,000	$2,500 - $15,000	$500 - $7,500	$2,500 - $15,000	$20,000 - $75,000	$15,000 - $50,000
2019	$35,000 - $60,000	$2,000 - $15,000	$300 - $7,000	$2,500 - $15,000	$25,000 - $75,000	$17,500 - $50,000
2018	$23,500 - $58,000	$2,500 - $15,000	$300 - $7,000	$2,500 - $15,000	$25,000 - $75,000	$15,000 - $45,000
2017	$23,500 - $70,000	$2,500 - $15,000	$500 - $2,500	$2,500 - $15,000	$25,000 - $70,000	$12,000 - $45,000
2016	$23,500 - $70,000	$3,000 - $15,000	$300 - $7,500	$3,000 - $15,000	$28,000 - $70,000	$12,000 - $40,000
2015	$20,000 - $70,000	$2,500 - $15,000	$300 - $7,500	$2,500 - $15,000	$25,000 - $70,000	$18,000 - $35,000
2014	$20,000 - $58,000	$2,500 - $12,500	$300 - $7,500	$1,500 - $12,000	$40,000 - $60,000	

LAND USE	ROW CROPS (Gilroy)	RANGELAND	ROW CROPS	LEMONS	AVOCADOS
SANTA CLARA COUNTY			VENTURA COUNTY		
2020	$25,000 - $60,000	$1,500 - $7,500	$42,000 - $81,000	$49,000 - $90,000	$35,000 - $65,000
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


Monterey County
ROW CROPS
Santa Cruz County
ROW CROPS
San Benito County
ROW CROPS
San Luis Obispo &
Santa Barbara
Counties
ROW CROPS
Ventura County
ROW CROPS
Monterey County
RANGELAND
San Luis Obispo County
INLAND RANGELAND
Coastal
Inland
Ventura County
LEMONS
Ventura County
AVOCADOS
Monterey County
WINEGRAPES
San Luis Obispo &
Santa Barbara Counties
WINEGRAPES
PLANTABLE LAND
(Vineyards)
San Luis Obispo
& Santa Barbara

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6


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D. MATT MARSCHALL
ARA, MAI, AI-GRS, FRICS
Senior Vice President
Lic. 01035488
+1 858 404 7202
matt.marschall@cbre.com
DYLAN MARSCHALL
Associate
Lic. 02045289
+1 858 404 7203
dylan.marschall@cbre.com
cbre.us/lsgsandiego
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SOUTHERN CALIFORNIA

REGION CHAIR & COMMITTEE

CURTIS BUONO, ARA, MAI, AI-GRS – CHAIR
TODD COMBS, ARA | ALEX LIU, ARA
JEREMY DARNER, MAI, SRA, AI-GRS

IMPERIAL   LOS ANGELES   ORANGE   RIVERSIDE   SAN BERNARDINO   SAN DIEGO

SOUTHERN CALIFORNIA 7

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.

AVOCADOS

Avocado plantings continue to represent the largest planted acreage in San Diego County with 14,946 planted acres in 2019, a decrease from 17,741 planted acres in 2018. After an increase in average FOB prices for size 48 fruit over the two prior seasons, 48's saw decreased pricing in 2019/2020, a trend that was also reported across the size 40, 60, 70, and 84 avocados. In the 2019/2020 season, California growers increased the domestic supply to 362 million pounds versus 217 million pounds a year earlier. However, at the same time, increased imports from competing international markets – a combined 2,283 million pounds largely from Chile, Mexico, and Peru – impacted the ability of local growers to command higher pricing.

In 2020, as the nation pivoted from restaurants to in-home dining, health and comfort became a primary focus of consumers. Avocados satisfied both those criteria and consumer demand began to surge in March. In the early days of the pandemic, growers also benefitted from the ability to "store" avocados on the tree to wait for improved market conditions. Despite the large volume of imports fulfilling demand, California-branded avocados still command a premium in the marketplace. During 2020, California avocados yielded an average FOB price that was 8 percent higher than imports from March to September, reaching as high as a 29 percent premium in August. This premiumization has sustained local growers who have faced increased water and labor costs.

In terms of real estate pricing, grove values remained generally stable at $10,000 to $25,000 per acre. Mature younger or mid-life orchards with greater-yielding rootstock (i.e., Dusa) continue to command higher values. Older groves with rural residential potential continue to be sold at a premium. Another side-effect of the pandemic was increased interest from first-time farmers looking to move from urban centers and establish themselves in the rural areas of Southern California. While values were not significantly impacted by this, marketing times compressed significantly. Properties that were productive, had a grove with a residence, or good development potential saw increased inquiries and offers, which translated into a higher volume of transactions than in years past.

Sourcing good-quality, cost-effective irrigation water continues to be a challenge for the region's avocado farmers. Groves with a suitable alternative or multiple water sources and reverse osmosis filtration experience better demand and higher pricing, while groves with less favorable water sources exhibit weaker values. The experimentation of interplanting of other commodities, such as coffee, did not appear to generate additional traction in 2020, though this will continue to be watched for signs of long-term viability.

CITRUS

Market activity in the citrus sector continued much as it has in recent years; however, one sizable citrus portfolio acquisition took place late in the year that included assets across multiple desert submarkets. Specific details of this transaction are not available, but it could translate to increased investor interest in the region's citrus industry. Generally, citrus values remained stable over the past year.

Commercial citrus acreage remains generally constant, again hovering around 37,000 harvested acres. Lemons continue to comprise the greatest portion of citrus acreage, followed by oranges, grapefruits, and mandarins. In normal years, lemons are typically convincingly the most valuable citrus commodity in the region; however, lemons had a particularly difficult year in 2020 because of restaurant shutdowns caused by the pandemic. Asian citrus psyllid (ACP), the insect which carries the Huanglongbing (HLB) or citrus greening disease, continues to be monitored. 2020 marked the first time that ACP was detected in a small commercial citrus grove, located in western Riverside County, but HLB was not detected. Some residential citrus trees have been found to be infected with HLB; however, aggressive, proactive steps by numerous agencies, including quarantine zones, have managed to control the spread of the disease to significant commercial production areas.

DAIRY

The historically expansive Region 7 dairy market is now concentrated in two main areas: Ontario/Chino in western Riverside and San Bernardino Counties, and San Jacinto in western Riverside County. Milk products continue to be the number one commodity in San Bernardino County, with 2019 sales of $109± million. In 2018 (the most recent reported period), 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. Because the dairies in this region are located closer to the end users, they were not as burdened with unsold production as seen in other areas; however, the closures of schools and restaurants impacted the demand for milk in the early stages of the pandemic.

As the region's residential expansion continues to absorb dairies in the Ontario / Chino area, existing operators are moving eastward to San Jacinto or north to California's Central Valley and High Desert dairy regions. The top bidders for existing dairy-related sites in the Ontario / Chino area are residential developers or 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 development in the San Jacinto River Basin market area has been extremely limited, with stable prices. Price trends are stable-to-increasing in the Ontario/Chino area.

NURSERY/GREENHOUSES

Nursery properties in Region 7 saw limited sale activity in 2020. The larger cut flower and nursery industries, which have already been impacted by imports, were among the first industries to be impacted by the coronavirus. The impacts of the pandemic were heavily dependent on the growers' end-user. As weddings and special events were canceled or postponed until large gatherings could be conducted again, many in the industry found few buyers for perishable crops such as cut flowers. Conversely, growers on the landscaping side of the industry saw a spike in end-user demand as regional lockdowns increased home gardening and landscape renovations. The full impact of this has yet to be determined, and industry consolidation is possible as some smaller operators may decide to exit.

At the same time, very little materialized from the elevated interest in existing greenhouse properties for hemp production that was driven by inexperienced growers and potential market entrants in 2018 and 2019. San Diego County is one of a limited number of counties in California that is accepting applications for hemp cultivation licenses. However, the County does not permit medicinal or recreational cannabis production. As a result, San Diego County's existing supply of greenhouse properties drew attention from prospective hemp growers, but not cannabis cultivators. The market did not see the buying and selling frenzy experienced in years past in other parts of the State. If the cut flower industry continues to experience hardship, some greenhouses might be repurposed for hemp, but it is still too early to tell.

For the time being, pricing remains in alignment with general agricultural pricing. The outlook for the nursery/greenhouse market in 2021 is for stabilization with limited new construction of greenhouse facilities.

WINE GRAPES
TEMECULA VALLEY AVA

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 drive-time 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. As a result, the Temecula wine region was particularly hard hit by COVID-19. Lockdowns and other restrictions were devastating to many businesses, forcing many wineries to seek PPP loans to weather the storm. The uncertainty over further government assistance and being able to fully reopen, means that some wineries may have to make tough decisions in 2021 that could result in distressed sales. Some wineries were already choosing to buy and crush fewer grapes in 2020 due to difficulties with selling existing inventory or a lack operating capital.

Two vineyards sold in 2020, with the driver being winery site development. Both sales had exposure along Rancho California Road, each totaling 20 acres and selling for between $130,000 and $135,000 per acre. These two sales were a bright spot in the market, along with lifestyle buyers leaving the city, resulting in steady demand for rural estate properties. While the vineyard transactions in 2020 did not indicate any softening, the inventory of available open and planted vineyard land increased, as did marketing times. Wineries drive grape demand in the Temecula Valley and with wineries pulling back, grape demand is expected to soften, which could negatively impact values in 2021.

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. Given the largely urban environment, it is understandable that the local agricultural industry is fragmented and small, typically producing between $140 and $180 million in aggregate crop value annually. Sales of agricultural real estate are sporadic and the value of such properties is very location-specific, often influenced by non-agricultural factors that make 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. The total value of crops produced in Orange County was less than $90 million in 2020. 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 any prevailing 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 have continued to show that the Valley's two basins had succeeded in increasing their groundwater levels over the past ten years. This positive groundwater situation and the pipeline extension project extending water to the Oasis area 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 operations. 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 number of agricultural property transactions in 2020 was about average; however, because two larger portfolios were sold, the total acreage transacted in 2020 was significantly higher than typical for Coachella Valley. One portfolio consisted entirely of date orchards whereas the other much larger transaction comprised citrus, date, and vineyard assets. It is believed that both portfolios included operating businesses and the value allocations between business, real estate, and other components are unknown. However, what is known is that these portfolio sales are strong endorsements of the quality of assets, desirability of Colorado River water, and attractiveness of growing conditions found in the Coachella Valley. Sales for which data was available indicate that agricultural property values remained generally stable, but the 2020 portfolio sales could put some upward pressure on values.

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 when Colorado River water was redirected into the valley and transformed the desert lands into a thriving agricultural region.

The region currently has a farmable area of just under 472,000 acres, of which approximately 444,000 have been irrigated in recent years. The vast majority of farmland in the valley is dedicated to alfalfa, Sudan, Bermuda and other grass hays, sugar beets, small grains, cotton, citrus, some dates, and a wide variety of winter vegetables and melons. Small areas are dedicated to citrus, date, and olive plantings.

Like other Colorado River-served farming areas, the region benefits from low-cost water, with rates remaining at $20 per acre-foot for the past decade. The Imperial Irrigation District (IID) serves the entire region, providing irrigation water via a system of nearly 1,670 miles of canals.

Increasing urban demand from Southern California population centers and declining river flows has resulted in financial incentive programs that compensate farmers for effective water conservation measures. The Imperial

continues on page 106

VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT
WESTERN RIVERSIDE & SAN BERNARDINO COUNTIES					
Dairies (Ontario/Chino)	$150,000 - $800,000	Moderate	Moderate	Stable to Increasing	$7 - $10/MC/Mo
Citrus	$10,000 - $20,000	Limited	Limited	Stable	30% - 40% Share
Wine Grapes (Temecula)	$50,000 - $135,000	Moderate	Limited	Stable	N/A
SAN DIEGO COUNTY					
Citrus	$10,000 - $30,000	Limited	Very Limited	Stable	30% - 40% Share
Avocados*	$10,000 - $25,000	Moderate	Moderate	Stable	30% - 40% Share
Cropland	$25,000 - $65,000	Limited	Limited	Stable	$350 - $2,000/Ac
*Includes Southwestern Riverside County					
COACHELLA VALLEY					
Citrus	$18,000 - $35,000	Moderate	Moderate	Stable	30% - 40% Share
Dates	$30,000 - $60,000	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 - $700
PALO VERDE VALLEY					
Irrigated Field Crops	$10,000 - $14,000**	Limited	Very Limited	Decreasing to Stable	$200 - $350
***$/Water Toll Acre					
IMPERIAL VALLEY					
Good Adaptability (Produce)	$11,000 - $14,500	Moderate	Limited	Decreasing to Stable	$350 - $550
Average Adaptability (Alfalfa)	$7,000 - $11,000	Moderate	Moderate	Decreasing to Stable	$250 - $400
Limited Adaptability	$5,000 - $7,000	Limited	Limited	Decreasing to Stable	$150 - $250

HISTORICAL VALUE RANGE PER ACRE

LAND USE	CITRUS	DAIRIES	WINE GRAPES	
WESTERN RIVERSIDE AND SAN BERNARDINO COUNTIES			(Temecula)	
2020	$10,000 - $20,000	$150,000 - $800,000	$50,000 - $135,000	
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	
LAND USE	CITRUS	CROPLAND	AVOCADOS	
SAN DIEGO COUNTY			(includes Southwestern Riverside)	
2020	$10,000 - $30,000	$25,000 - $65,000	$10,000 - $25,000	
2019	$10,000 - $30,000	$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	
LAND USE	CITRUS	DATES	TABLE GRAPES	OPEN LAND
COACHELLA VALLEY				
2020	$18,000 - $35,000	$30,000 - $60,000	$25,000 - $45,000	$16,000 - $30,000
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
LAND USE	IRRIGATED FIELD CROPS (per water toll acre)	GOOD ADAPTABILITY (Produce)	AVERAGE ADAPTABILITY (Alfalfa)	LIMITED ADAPTABILITY
PALO VERDE VALLEY		IMPERIAL VALLEY		
2020	$10,000 - $14,000	$11,000 - $14,500	$7,000 - $11,000	$5,000 - $7,000
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


San Diego County AVOCADOS
Coachella Valley OPEN LAND
San Diego County CITRUS
Coachella Valley CITRUS
Western Riverside & San Bernadino Counties CITRUS
Coachella Valley TABLE GRAPES
Imperial Valley IRRIGATED LAND
Good
Average
Limited
Temecula WINE GRAPE
Coachella Valley DATES
Palo Verde Valley IRRIGATED FIELD CROPS

7

Irrigation District's On-Farm Efficiency Conservation Program may provide an additional form of income to regional farms, but conservation payments have declined and the long-term viability of the income to growers has yet to be determined.

The volume farmland transactions completed in 2020 was relatively consistent with previous years, with approximately 40 farmland tracts sold in the Valley. However, the first quarter's transactional volume accounted for almost half of the year's sales, both in terms of the quantity of sales and the acreage sold, and many of those sales were reportedly carry-overs from late 2019. Over the remainder of 2020, fewer farmland sales were completed. The second and third quarters of the year were quiet with only a handful of transactions of mostly smaller, Limited or Average Adaptability tracts. Sales in the fourth quarter were also limited, though two investor acquisitions of Good Adaptability farmland constituted the vast majority of the quarter's sold acreage. The majority of 2020 sales occurred in the Average Adaptability category, a tier that saw mostly stable values with some softness at the lower end of its quality spectrum. Limited Adaptability farmland saw fewer transactions and experienced downward pricing pressure.

The Imperial Valley produces around $1.2 billion of vegetable crops annually, much of which is produced to meet winter demand from the foodservice industry. As the COVID pandemic grew, many produce growers in the Imperial Valley were forced to disc under highly perishable crops. Most sales of produce-quality ground in 2020 occurred early in the pandemic and remained generally consistent with historical value ranges. Inventory of available tracts at the end of 2020 showed the continued strain on produce growers, with several high-quality listings priced near the top of the market, as well the typical array of Limited and Average Adaptability ground. A number of larger tracts continue to be marketed, both publicly and privately. However, with some landlords reporting downward rent pressures and some tenants attempting to renegotiate existing leases or opting not to renew, it remains to be seen if returns for these larger tracts can meet investor expectations.

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 it is characterized by hot summers, mild winters, and an average annual precipitation of less than four inches. Alfalfa remains the top crop by a significant margin, with cotton, Bermuda and Sudan grass, onions, broccoli, melons and grains also grown locally.

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 speculative investors over the next few years. However, PVID's lawsuit against MWD that began in late 2017 appears to have created some uncertainty for the previously active water-investor buyers. This lawsuit was dropped in early 2018 and water-investor purchasers have generally ceased their acquisitions since that time.

The transactional volume in 2020 was very limited, though one smaller sale did take place at $10,000 per water toll acre, putting downward pressure on the lower end of the value range. Rental rates have remained generally stable and capitalization rates continue to be extremely low and are not considered to be adequate to attract investment capital beyond owner-farmers or speculative investors.

8

MOUNTAINS

REGION CHAIR & COMMITTEE

MICHAEL F. MERKLEY, ARA – CHAIR
DAVID BELL, ARA | SARA LOCKHART
GREG PETERS | ELIZABETH EBERT
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ALPINE AMADOR (EAST) CALAVERAS (EAST) EL DORADO (EAST) INYO LASSEN MARIPOSA MODOC MONO NEVADA PLACER (EAST) PLUMAS SHASTA SIERRA SISKIYOU TUOLUMNE

MOUNTAINS

8

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 and raspberries), vegetables (primarily potatoes and onions), timber, wild rice, and grains. Walnuts are also a newer 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 the region for irrigated and non-irrigated farms, ranches and livestock grazing. Time on market for all property types has been stable. Cattle prices increased approximately 2% from 2019, and the Coronavirus Food Assistance Program (CFAP) money was made available to producers, while the hay market posted a modest positive return from the prior year. A stable trend is projected for both cattle and hay prices in 2021. The demand for farms and ranches is strong, driven by the need for and/or ability to control access to forage; however, there is still limited sale activity. Overall, this market area is stable to increasing with a limited number of sales.

Timber production in northeastern California and southeastern Oregon remains relatively diverse and competitive, with dimensional lumber mills, stud mills, veneer mills, plywood mills, and grade-cutting mills throughout the region. Log markets are typically stronger in the western side of the region with better access to the I-5 corridor and better mill access. There was a brief slowdown in the spring of 2020 due to concerns and labor issues surrounding the Coronavirus pandemic. However, as many people found themselves housebound, the demand for lumber quickly accelerated, driven by do-it-yourself and repair and remodel projects. The housing market has also strengthened throughout 2020, driven by low interest rates and increased remote-work capabilities driving people out of urban areas into more suburban and rural areas. As a result, lumber demand remains strong for mills throughout the region, which has led to increased demand and pricing for saw-logs. Douglas-fir and cedar maintain the strongest pricing for merchantable timber species in the region, and white woods and pine typically have softer pricing. We cannot discuss timber markets in this region without addressing this year's wildfires. The Slater Fire, Caldwell Fire, Gold Fire, Hog Fire, Sheep Fire, and Claremont-Bear Fire (North Complex) collectively burned over 600,000 acres. Much of the timberland that burned was federal land, however private timberland was significantly affected by the Slater Fire, Hog Fire, Sheep Fire, and North Complex. Salvage logging is already underway to harvest the burned timber from these private timberlands. There may be some salvage activity on federal lands, but not at a scale to significantly alter timber markets. The market for timberland in the region remains 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 in northeastern Modoc County. A key attribute of the area is the 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 these features combine to make this a productive farming and ranching region in the intermountain 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. The table shows dry pasture market demand increasing, but this is for smaller parcels where people are purchasing in order to have a recreational place, out of the urban areas.

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, fresh market carrots and lettuce have also been planted. The area is noted for producing 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 Indian 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 right 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. Then supplemental wells were being curtailed depending on how close to the river they were. The last two years the water has remained in the river while producers used the wells to irrigate, due to judgements in the irrigators favor, with new "rules" from the State supposedly coming March 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 is the county's most valuable crop 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 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 been alfalfa hay, irrigated pasture for beef cattle, cereal grains, and dry pasture. A key attribute of this market area is the 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. This area falls 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 provide timber and support several saw mills in the area. 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.

RANGELAND IN THE CENTRAL SIERRA NEVADA MOUNTAIN COUNTIES

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 were non-existent in 2020 with only a few listed. 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. All three counties have drawn significant interest and activity from out of area buyers looking to relocate after COVID-related lockdowns and the new ability to work remotely. Expect the trend to continue into the first part of 2021 at least, if not beyond. Most properties are not leased, and those that are range in annual rental rates from $25 and $35 per animal unit month (AUM). At the same time, there is interest from livestock producers and investors in purchasing these large ranches at current listed prices.

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 ground uses. 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	$3,000 - $5,000	Increasing	Increasing	Increasing	$150 - $200
Meadow/Irrigated Pasture	$2,500 - $3,500	Stable	Limited	Stable	$30 - $42/AUM
Dry Pasture	$400 - $1,000	Increasing	Increasing	Increasing	$15 - $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	$30 - $42/ AUM
Dry Pasture	$400 - $1,000	Increasing	Increasing	Increasing	$15 - $20/ AUM
PITTVILLE/MCARTHUR					
Irrigated Crop Acreage	$5,500 - $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)	$6,500 - $9,000	Increasing	Increasing	Increasing	$30 - $42/AUM
Range Operation (>15% Public)	$4,000 - $6,000	Increasing	Increasing	Increasing	$20 - $32/AUM
PLUMAS, EAST PLACER, SIERRA, NEVADA & ALPINE COUNTIES					
Rangeland	$1,000 - $2,000	Stable	Limited	Stable	$25 - $35/ AUM
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	$25 - $35/ AUM
TUOLUMNE, MARIPOSA, MONO & INYO COUNTIES					
Rangeland	$1,000 - $2,200	Stable	Limited	Stable	$25 - $35/ AUM

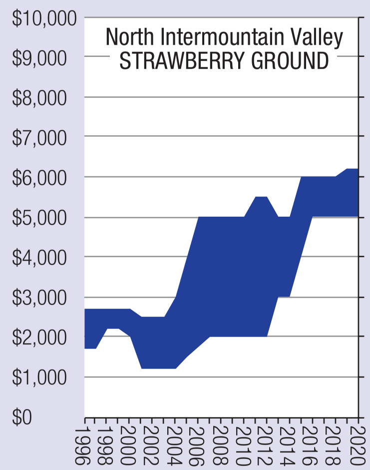
HISTORICAL VALUE RANGE PER ACRE

LAND USE	STRAWBERRY GROUND	IRRIGATED CROP/ GOOD QUALITY ACREAGE	MEADOW/ IRRIGATED PASTURE	DRY PASTURE
NORTH INTERMOUNTAIN VALLEY AREAS (Lassen, Modoc, Shasta & Siskiyou Counties)				
2020	$5,000 - $6,200	$3,000 - $5,000	$2,500 - $3,500	$400 - $1,000
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

LAND USE	IRRIGATED CROP GOOD QUALITY ACREAGE	MEADOW/ IRRIGATED PASTURE	DRY PASTURE	IRRIGATED CROP ACREAGE
SIERRA VALLEY				PITTVILLE/McARTHUR
2020	$3,500 - $4,500	$2,500 - $3,500	$400 - $1,000	$5,500 - $8,500
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
2020	$1,000 - $2,000	$10,000 - $12,000
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

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)	
2020	$2,000 - $3,000	$1,000 - $2,200	$6,500 - $9,000	$5,500 - $7,000
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


North Intermountain Valley
STRAWBERRY GROUND
$10,000
$9,000
$8,000
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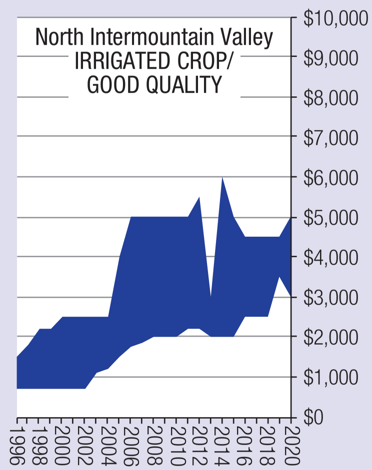
North Intermountain Valley
IRRIGATED CROP/
GOOD QUALITY
$10,000
$9,000
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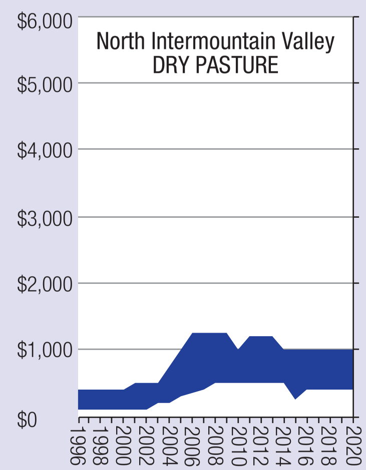
North Intermountain Valley
DRY PASTURE
$6,000
$5,000
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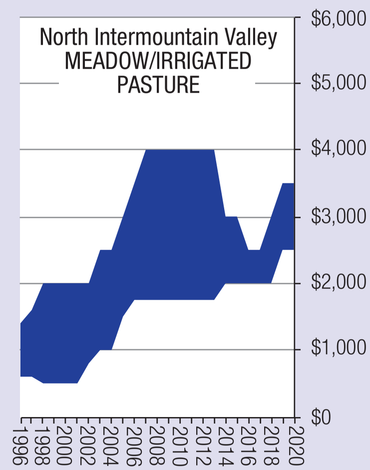
North Intermountain Valley
MEADOW/IRRIGATED
PASTURE
$6,000
$5,000
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1996
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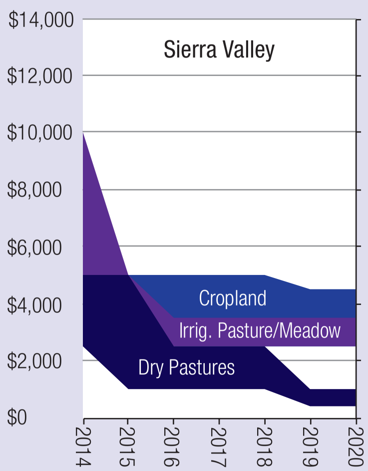
Sierra Valley
Cropland
Irrig. Pasture/Meadow
Dry Pastures
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
2014
2015
2016
2017
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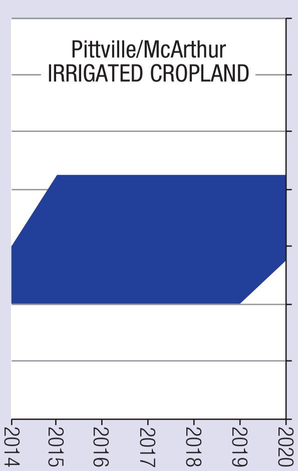
2020


Pittville/McArthur
IRRIGATED CROPLAND
2014
2015
2016
2017
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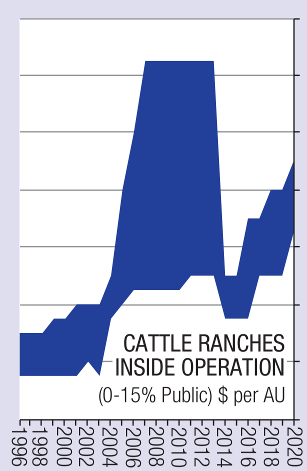
2019
2020


CATTLE RANCHES
INSIDE OPERATION
(0-15% Public) $ per AU
1996
1998
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2002
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2010
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2014
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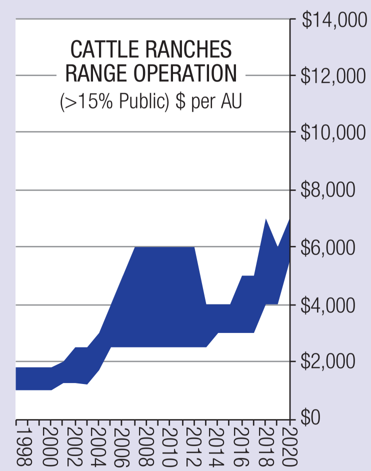
2020


CATTLE RANCHES
RANGE OPERATION
(>15% Public) $ per AU
$14,000
$12,000
$10,000
$8,000
$6,000
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$2,000
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1998
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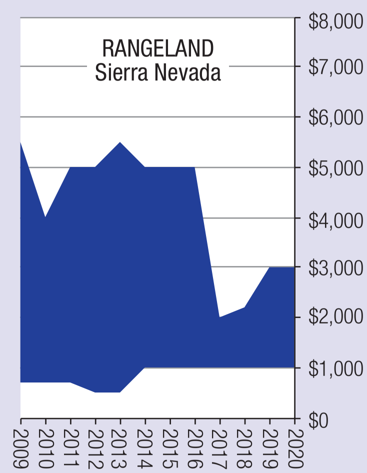
RANGELAND
Sierra Nevada
$8,000
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
2009
2010
2011
2012
2013
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2020


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9

NEVADA

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NEVADA

9

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 increasing as compared to prior years with numerous real estate listings. 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 from 2018 through 2020. Cattle prices suffered early in 2020 due to COVID, but rebounded in the summer and fall months.

Continued land sale activity in the Lovelock area indicates stable market conditions. Farm and water right sale activity and values in the Fallon area have been strengthening, especially for smaller parcels. In Mason Valley and Smith Valley, the Walker River Restoration Program continues to have some impact on values with a limited number of farms for sale. There have been several cattle ranch sales as well as new listings indicating a stable to increasing market. Sales of pump ground water farm units have also been strengthening with several listings indicating increasing values.

Overall, the Nevada agricultural real estate market has indicated stable to increasing values, depending on the local market, throughout 2020.

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	Increasing	Increasing	Increasing	$150 - $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+	Increasing	Increasing	Increasing	$125 - $170
Kings River/Silver State Valley	$3,000 - $4,000+	Increasing	Increasing	Increasing	$125 - $170
Winnemucca Area	$3,000 - $4,000+	Increasing	Increasing	Increasing	$125 - $170
Elko/Diamond Valley/Reese River	$2,800 - $4,000	Increasing	Increasing	Increasing	$125 - $170
NORTHERN NEVADA CATTLE RANCH OPERATIONS VALUE PER AU					
Inside Operation	$5,000 - $7,000	Increasing	Increasing	Increasing	$150 - $200
Range Operaton	$4,000 - $6,000	Increasing	Increasing	Increasing	$100 - $150
Desert Operation	$2,400 - $3,600	Increasing	Increasing	Increasing	$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	$30 - $42/AUM

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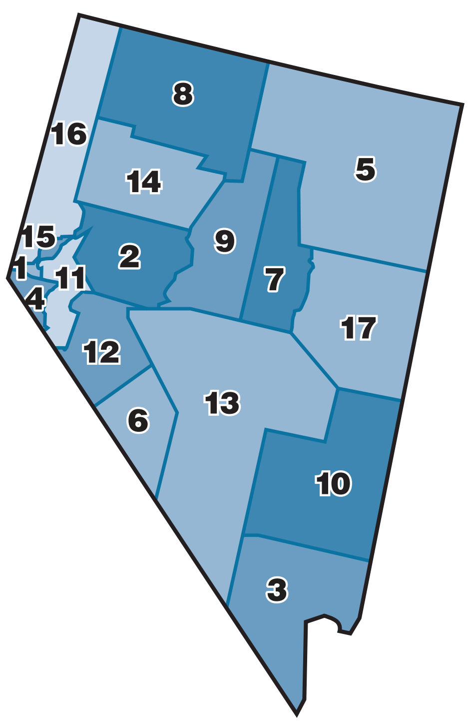
NEVADA AGRICULTURAL COMMODITIES BY COUNTY

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									
2020	$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
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

LAND USE	INSIDE OPERATION	RANGE OPERATION	DESERT OPERATION
NORTHERN NEVADA CATTLE RANCH OPERATIONS (VALUE PER AU)			
2020	$5,000 - $7,000	$4,000 - $6,000	$2,400 - $3,600
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

LAND USE	GRAZING PERMITS
GRAZING PERMITS (VALUE PER AUM)	
2020	$100 - $200
2019	$100 - $200
2018	$80 - $200
2017	$80 - $200
2016	$80 - $200
2015	$80 - $200
2014	$80 - $120

LAND USE	DRY GRAZING (RANGE)	PASTURE/MEADOW
GRAZING LAND VALUE PER ACRE		
2020	$100 - $500	$500 - $2,500
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

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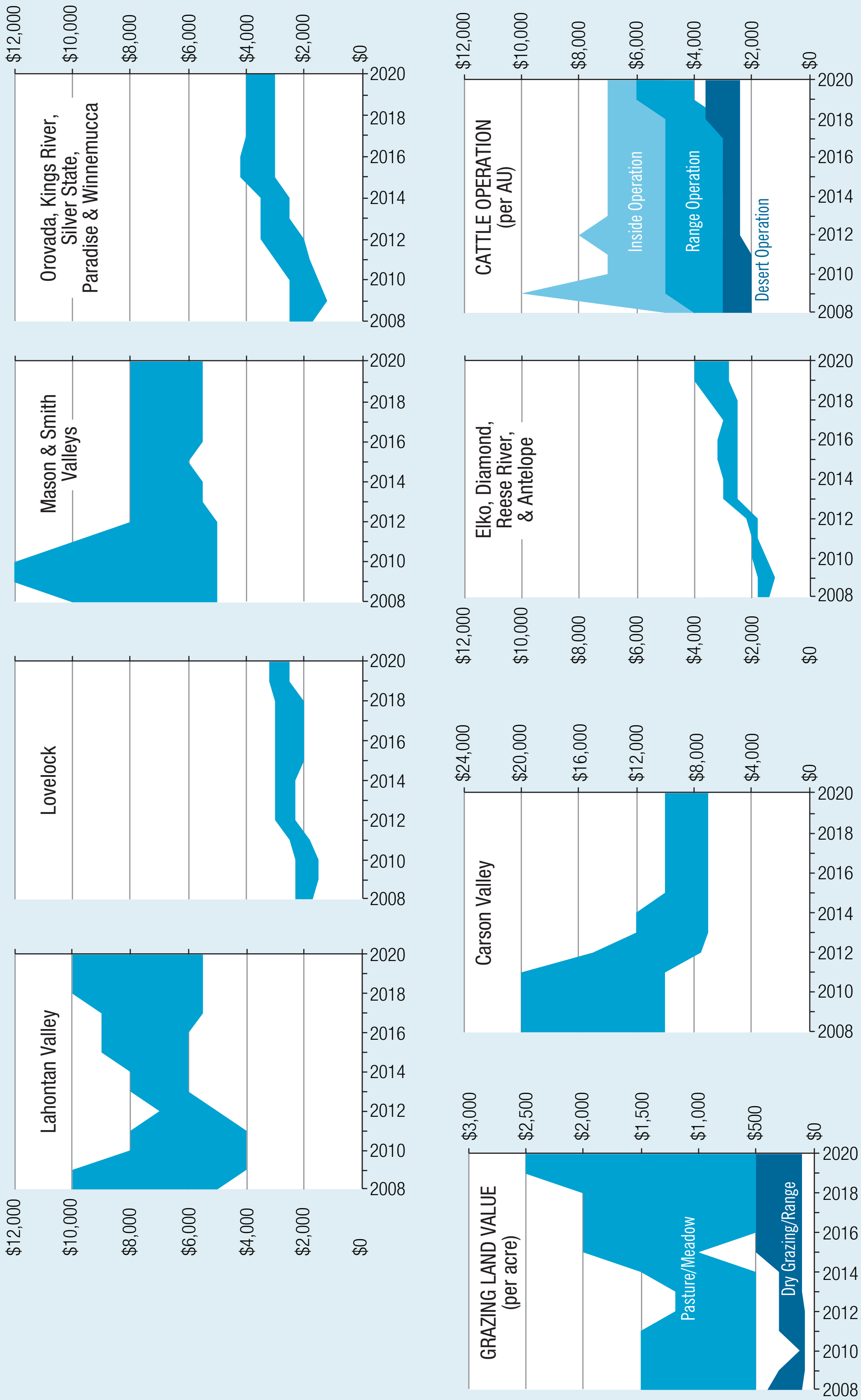
Orovada, Kings River, Silver State, Paradise & Winnemucca
Mason & Smith Valleys
Lovelock
Lahontan Valley
CATTLE OPERATION (per AU)
Inside Operation
Range Operation
Desert Operation
Elko, Diamond, Reese River, & Antelope
Carson Valley
GRAZING LAND VALUE (per acre)
Pasture/Meadow
Dry Grazing/Range

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.

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 have riparian and pre-1914 appropriative water rights on the San Joaquin and Kings Rivers. When the creation of the Central Valley Project required more water diversions from these rivers, the Exchange Contractors agreed to receive guaranteed deliveries from the Delta Mendota Canal (diverted water from the Sacramento River) rather than exercise their historic water rights on the San Joaquin and Kings Rivers. Exchange Contractors are guaranteed 100% of their contractual water allotments in normal years and 75% in critical years, and retain the ability to exercise their historic riparian and appropriative rights should the CVP fail to deliver their contractual water.

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, where water is delivered primarily through the Delta Mendota and Friant Kern Canals, 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 within 20 years of plan incepton. Sustainable management aims to avoid depletion of supply, reduction in storage, seawater intrusion, degraded water quality, subsidence, or depletion of interconnected surface water. GSPs were adopted in January of 2020 for high priority basins that are critically overdrafted, and are due by January of 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 statewide 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.

State Districts: water districts that receive contracted surface water from the State Water Project (SWP), a state-run water storage and delivery system of reservoirs, aqueducts, power plants and pumping plants extending two-thirds the length of California. The SWP supplies water to more than 27 million people in northern CA, the Bay Area, the San Joaquin Valley, the Central Coast and Southern CA. SWP water irrigates about 750,000 acres of farmland, mainly in the San Joaquin Valley through water deliveries from the California Aqueduct and the San Luis Canal. Like the USBR, the CA Department of Water Resources sets the allotments of contracted water available to state districts annually based on precipitation, reservoir storage and environmental conditions in the Delta. State districts typically do not have pre-1914 water rights in CA.

Stocker Cattle: Weaned calves that are

GLOSSARY

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."

USBR: Irrigation Districts that receive contracted water from 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).







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PEOPLES™ COMPANY

PeoplesCompany.com | DRE Lic. 02117631

CURTIS BUONO
Pacific West Managing Partner
Curtis@PeoplesCompany.com
760.521.2501
CA Lic. 01894905

JEREMY DARNER
Pacific West Managing Partner
Jeremy@PeoplesCompany.com
619.757.3435
CA Lic. 01787739