

TRENDS[®]

2018 TRENDS | IN AGRICULTURAL LAND & LEASE VALUES

California & Nevada



California Chapter
ASFMRA
Western Ag Professionals

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



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The American Society of Farm Managers and Rural Appraisers® (ASFMR®) is the largest professional society for rural property land experts in the United States. ASFMR 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 ASFMR work under a professional code of ethics, which includes continuing education requirements. You can rest assured that if you are 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 land asset needs.

ASFMR, founded in 1929, provides members with the resources, information, and leadership that enable them to provide valuable services to the agricultural community. The focus of ASFMR is providing education, accreditation and networking opportunities for members who offer farm and ranch management, rural and real property appraising, review appraisal, and agricultural consulting services to the private and public sectors and to the governmental and lending communities.

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AAC Accredited Agricultural Consultant
AFM Accredited Farm Manager
ARA Accredited Rural Appraiser
RPRA Real Property Review Appraiser

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 ASFMR. The California Chapter is the second largest ASFMR Chapter in the country and prides itself on being an innovator in education for Western Ag Professionals. Through the annual *Trends® in Agricultural Land & Lease Values* publication, Spring Outlook Agribusiness Conference, Fall Meeting, FARMit® Education Program, California Water & Irrigation District Maps and numerous classes and seminars, the Chapter is a trusted and reliable resource for agribusiness in the west. The members of the California Chapter are dedicated to their profession and are relied upon as being the best in the business.

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

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

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

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The California Chapter of the American Society of Farm Managers and Rural Appraisers once again presents *Trends® in Agricultural Land and Lease Values*. Over the years, Trends® has become the ubiquitous reference guide for investors, farm managers, agricultural consultants, valuation professionals, lenders and other agricultural professionals looking for land and lease values. Since its inception in 1991, the publication's growth has been unabated and value-added for the reader, serving an ever-widening audience, both professionally and geographically. We are very fortunate to possess the resources within the California Chapter to continue to compile and present this valuable information, making it available to agriculturalists throughout the country.

The Trends® publication and the Outlook Agribusiness Conference could not happen without the commitment and hard work of many people. There are numerous professionals who selflessly donate their time and resources to make this event and publication valuable to the agriculture industry. We also need to recognize those who came before us; whose vision and dedication made Trends® and the Outlook Conference the successes that they are.

We extend a special thank you to the Co-Chairs of the Trends® publication committee, Janie Gatzman, ARA and Tiffany Holmes, ARA for their countless hours, and to the regional chairs and committee members who have dedicated their time and resources to compile and present the Trends® information from their respective areas. We would also like to thank Liz McAfee, our publication graphic designer, whose talents are an integral part Trends®'s success. And last but certainly not least, to Suzie Roget, the chapter's Executive Vice President, who coordinates the many aspects of both Trends® and the Outlook Conference.

Thanks also go out to our sponsors. Trends® would not be possible without the support of the businesses and individuals who provide financial assistance through their purchase of sponsored ad space. It is through this support that we can continue to provide a high-level, professional product like Trends®. Please take note of them as you read through the pages of the publication and make an effort to support them with your business when opportunities arise.

The Trends® publication is an example of the chapter's professionalism and abilities to serve the agricultural community, as well as our commitment to providing unmatched valuation, management and consulting services. Our numerous educational offerings available to the agribusiness community are also unparalleled. If you are interested in becoming one of California's most recognizable agriculture professionals, or if you would like to know more about what the California Chapter and the professional designations of the ASFMRA can do for you and your business, please accept my personal invitation to visit our website at www.calasfmra.com, or speak to one of our members. They will be happy to give you their testimonial and introduce you to others who have also benefited from membership in the Chapter.

We trust you will find this issue of Trends® valuable. Kindly tell your friends and colleagues about this resource. Additional copies of Trends® are available in both print and electronic formats from the California Chapter website (www.calasfmra.com) or through Suzie Roget at our Chapter office. She can be reached at (209) 368-3672, or by email at sroget@calasfmra.com.

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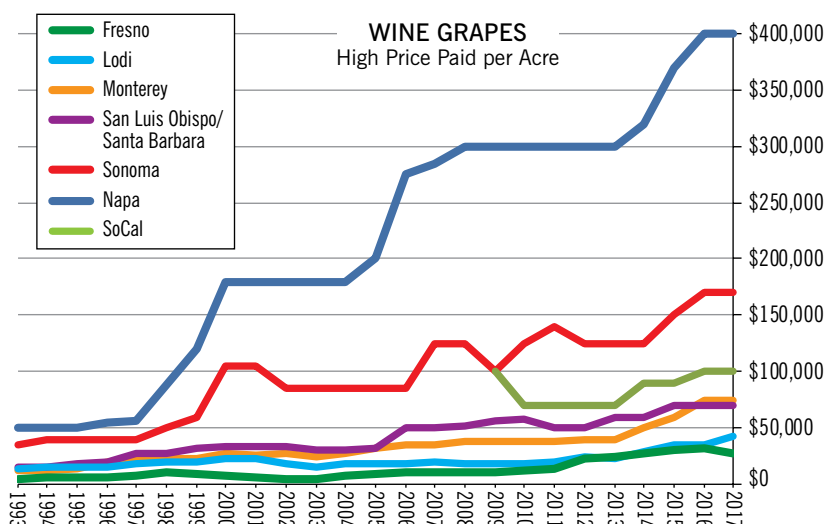


Defining the California agricultural land market for 2017 is tricky: was it Stable Mable? Floods, Fires, Mudslides, Oh My! Disaster Fatigue? Calm Before the Storm? For most commodities and land uses, the consensus is clear: *it was a strange year*.

Wine grapes, which gave us such an interesting storyline last year, were rather boring in 2017 (except for some fires, but we'll get to those later). The wine grape vineyard value range remained unchanged in most regions, with all regions reporting stable markets. The only notable change occurred in the Lodi Region where vineyard prices continued growing by a mean of 5% from the prior year and 16% from 2015, due to continued demand from Napa-area wineries for Lodi-area grapes. Fresno-area wine grapes also continued their mean value decline, by about 8% from their 2015 peak. In Sonoma County our new inclusion of secondary areas, which were previously untracked but have seen sales increase as wineries and growers seek value-priced land and vineyards, appeared to show softening in the low end of the value range, however prices were actually stable from the prior year. The lighter California wine grape crop in 2017 was good news for the industry still churning through bumper crops from the prior few years. While the industry endured some flooding at the beginning of the crop year, extreme summer heat, a heat wave during harvest, and catastrophic wildfires that resulted in tragic loss of life and homes at harvest's end (but very little damage to the crop), none of these turned out to have a significant impact on the land and vineyard markets, which continued largely unchanged from 2016.

Tree nuts also gave us a bit of a head-scratcher in 2017. Don't be fooled by the charts; while the high end of the ranges did soften in many markets, the low end often strengthened, and overall the markets remained fairly stable. Slight mean orchard price decreases over the past year were due primarily to lower-quality properties selling, not necessary due to an overall devaluation in nut orchards as was the case in 2016.

Almond orchard value ranges tightened in nearly all regions of the Sacramento and San Joaquin Valleys in 2017. Mean almond orchard prices continued climbing in the Sacramento Valley, increasing by 4% from 2016 and 14% total from 2015. In the San Joaquin Valley from 2016-2017, mean almond orchard prices fell by 6% in the north and 5% in the south, but increased by 2% in the Fresno-Madera region, indicating a generally stable market overall. From the market peak in 2015, mean orchard

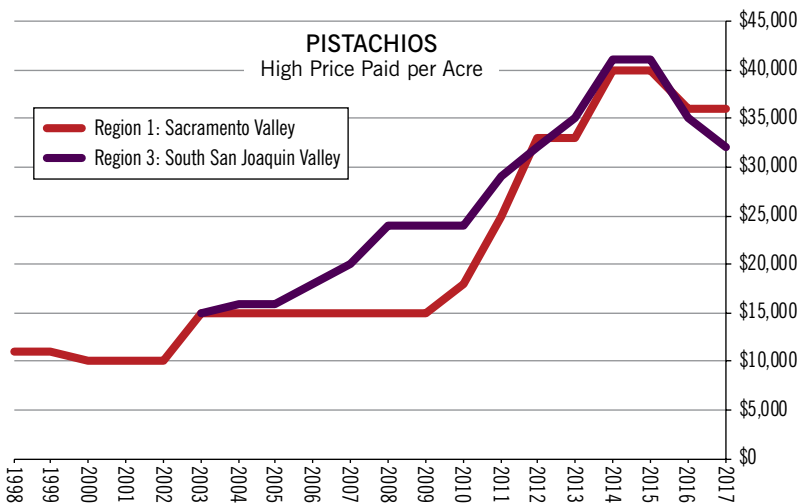
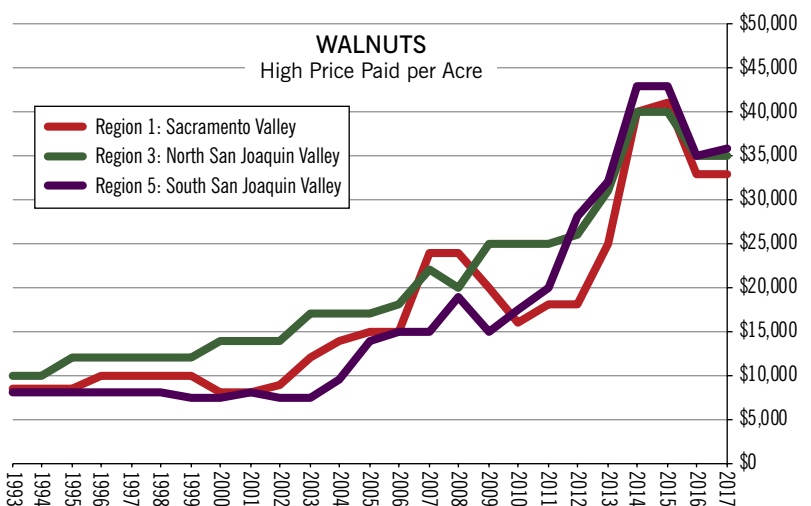
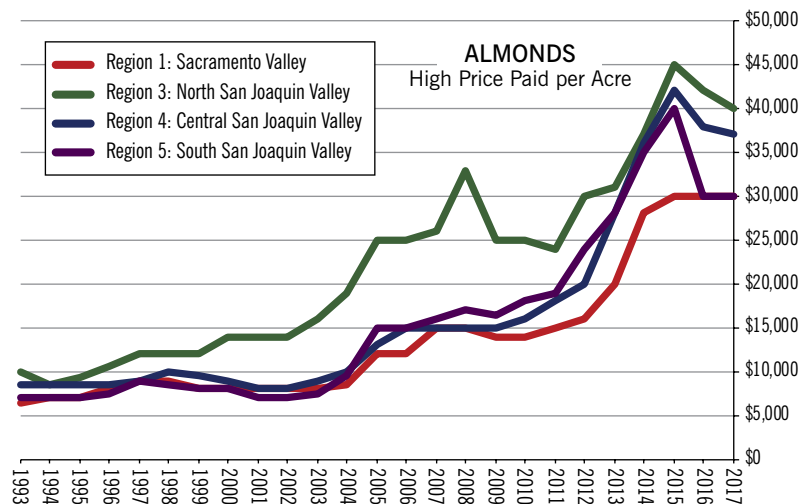


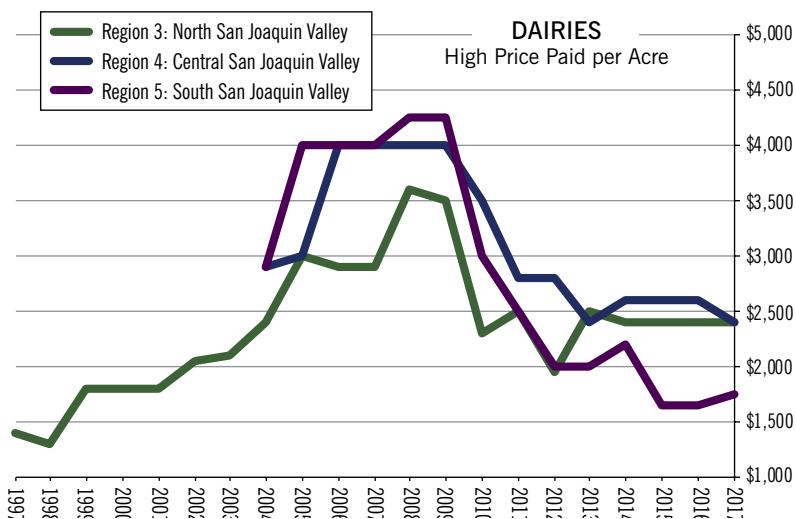
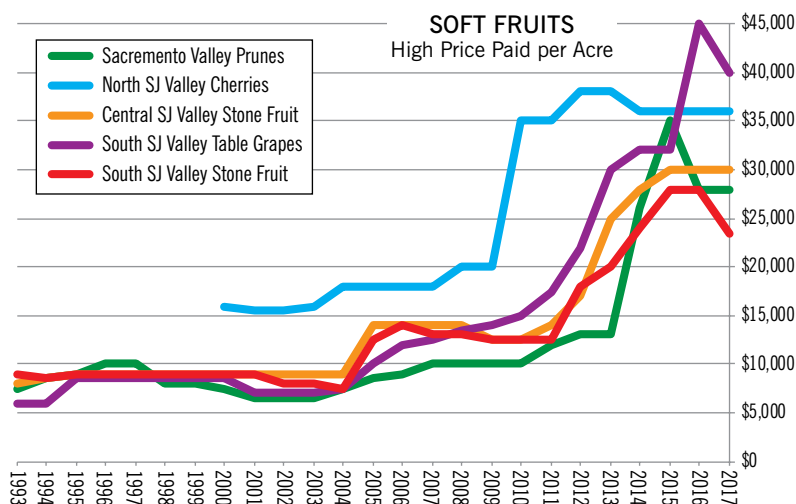
prices declined by a total of 10% in the north, 13% in the Fresno-Madera region, and 22% in the south, however. In general owners held the highest-quality orchards or only offered them for above-market prices, reducing the high end of the range; while buyers were increasingly reluctant to buy properties with the riskiest water sources, bringing up the low end of the range. In the Sacramento Valley planting of new orchards, particularly on the west side of the valley, continued in earnest and many of the sales represented newly-planted spec orchards. Demand was strong in all markets but buyers had more caution at the high and low ends of the value range.

Walnut orchard value ranges were also generally very stable. From 2016-2017 mean walnut orchard prices increased by 2% in the Sacramento Valley, but decreased by 5% in the northern San Joaquin Valley and 23% in the southern San Joaquin Valley—though in the south the high end of the range actually increased, while the low end decreased more significantly. In the Sacramento Valley an active market with mostly average-fair properties selling resulted in a tighter value range. In general, most orchard prices were very similar to 2016 values for comparable quality. In the San Joaquin Valley, sales in the north valley continued to represent older orchards with less desirable varieties, pushing down the low end of the value range. In the south valley a slightly greater number of sales expanded the value range on both the high and low ends, while sale prices were generally stable from the prior year. The lack of prime properties selling negatively impacted the high end of the range in all markets.

Pistachio orchards showed a mean price decline of 5% in the Fresno-Madera region and 12% in the south San Joaquin Valley from 2016. From the market peak in 2015, mean prices declined by a total of 9% in Fresno-Madera and 25% in the south valley. As with the other nut crops, few high-quality properties were offered in the market, though there was strong demand present in spite of lower returns from record-breaking crops in 2016 and 2017. Younger orchards with better water sources defined the high end of the range, while older orchards with risky water sources defined the low end of the range. In all San Joaquin Valley markets nut orchard prices were highly responsive to water source, with buyers showing a preference for properties with reliable sources of both surface and groundwater.

Soft fruits continued to show price stability even as increasing labor costs brought continued profitability into question. Sacramento Valley prunes, northern San Joaquin Valley cherries, and Central San Joaquin Valley stone fruit all showed stable orchard values from the prior year. Table grapes showed stable values in Fresno-Madera and a 30% mean value increase from 2015 in the south valley,





though 2016-2017 showed a slight decrease due to slightly lower high-end sales. However, raising vineyard mean values decreased by 6% from 2016, and south valley stone fruits declined by about 20% from 2016. Citrus mean grove values increased by 9% from 2016 in Fresno-Madera to their highest value range in history, reflecting the higher profitability for mandarin, Clementine or Blood varieties which all show significant acreage increases. Citrus grove mean values also increased in Southern California by 7-12% over 2016 values.

Dairy facility values again remained stable in 2017 with very few sales taking place. Milk prices were slightly higher in 2017 but still below the cost of production, particularly with labor costs on the rise. Most facility sales took place in the northern San Joaquin Valley and represented 300- to 700-cow facilities. Half of those sales were intended for facility removal and permanent planting development, while the other half were divided between conversion to feedlot use (dairy consolidation), continued dairy operation, or conversion to a goat dairy.

Open land values gave us the most interesting story lines in 2017, and most of the interest revolves around the ag industry's newest four-letter word: SGMA. The Sustainable Groundwater Management Act passed in 2014 and will regulate groundwater usage in California for the first time in the state's history. The potential for coming restrictions on well water usage due to SGMA regulation weighed heavily on the minds of buyers in the central and south regions of the San Joaquin Valley and in parts of the Central Coast, though sellers were less attuned to the risk. Buyers sought and priced land accordingly. In the northern San Joaquin Valley, buyers and sellers were less aware of SGMA or concerned that it might impact their operations. However, land sales outside of districts on the east



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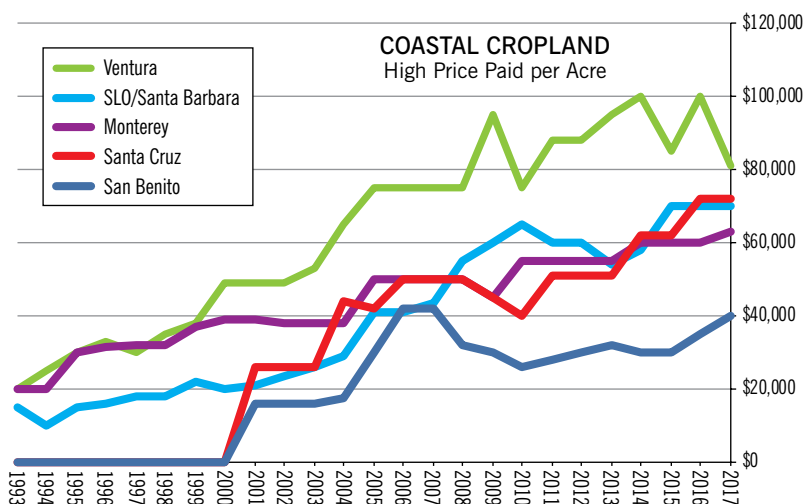
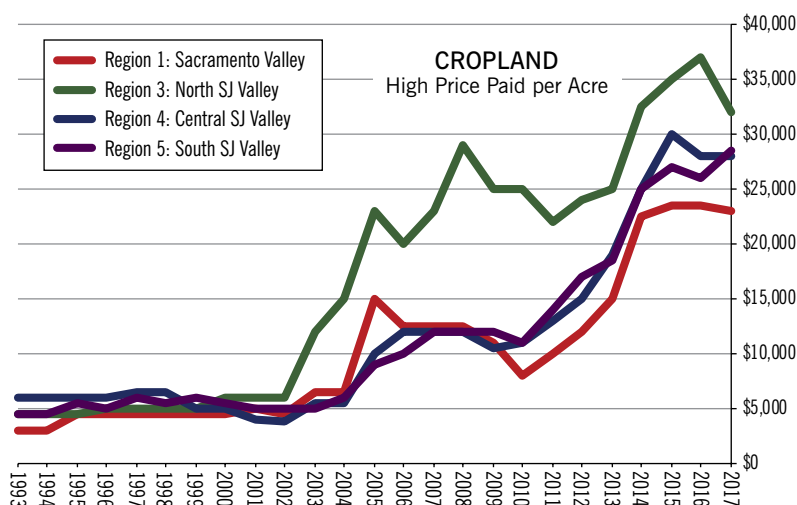
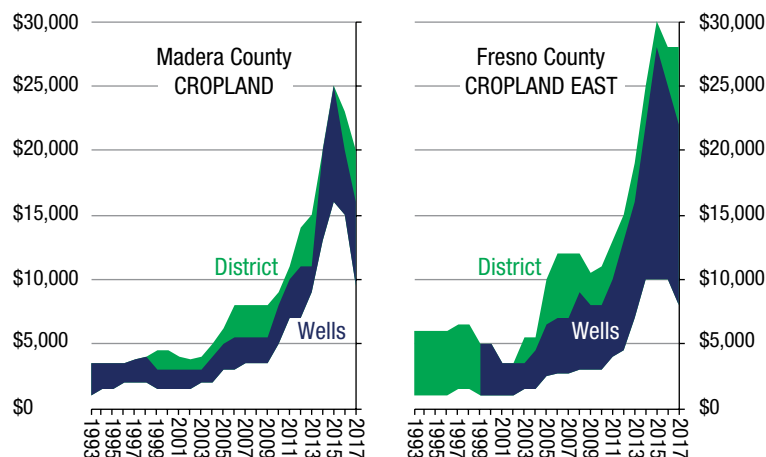
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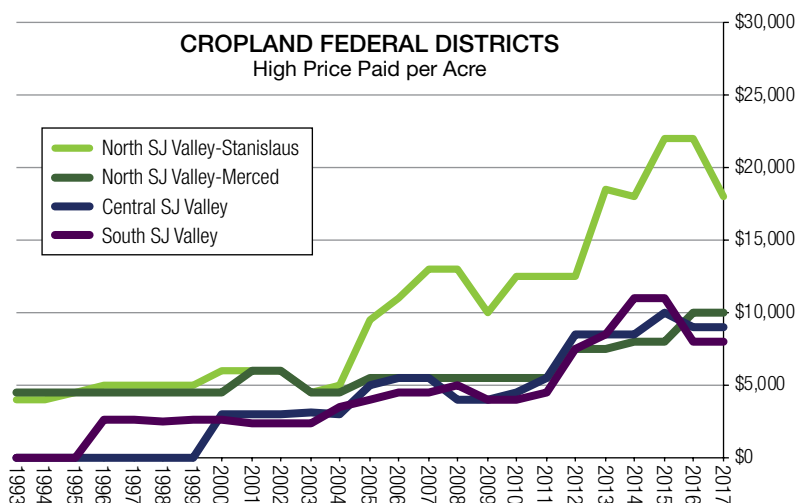
COVERING THE SAN JOAQUIN & SACRAMENTO VALLEYS

side of Stanislaus and Merced Counties had already been severely curtailed due to county groundwater ordinances restricting the development of new wells. In the Sacramento Valley, land buyers and sellers rarely mentioned SGMA, likely because most of the Sacramento Valley is not designated as “critically overdrafted,” and as a mostly medium-priority basin, has a longer timeline for SGMA implementation than the San Joaquin Valley or the Central Coast. In both the northern San Joaquin and Sacramento Valleys, we expect greater divergence in values of land, orchards and vineyards that rely on well water only versus those that also have reliable surface water, as SGMA’s Groundwater Management Plan implementation dates approach in 2020 or 2022 (depending on basin prioritization).

SGMA awareness and its impact on value was most apparent in the San Joaquin Valley in 2017. In Madera County, district cropland fell by a mean of 16% from its 2015 peak, while well-irrigated cropland fell by more than twice that amount: a mean of 38% from its 2015 peak. Similarly in Fresno County, central and east-side district cropland fell by a mean of only 3% from its 2015 peak, while cropland reliant on wells fell by seven times that amount: a mean of 21% from 2015. Tulare County showed its widest range of cropland value ever: from \$15,000 to \$28,500 per acre. The low end was defined by properties mostly or entirely reliant on well water, while the high end was defined by properties in the most reliable irrigation districts. The high end of the range actually increased by 5% from 2015, while the low end remained unchanged. In Kings County cropland in the north districts increased by a mean of 2% from 2015, cropland in the central districts remained unchanged, while cropland on the west side fell by a mean of 30% from its 2015 peak. In Kern County cropland in the northeast and central areas decreased by a mean of 10% from 2015, cropland in the southeast area decreased by a mean of 5% from 2015, while land with state water decreased by a mean of 23% from its 2015 peak. No buyer interest was reported for open land in “White Land” areas of the county, which are areas with no water district coverage.

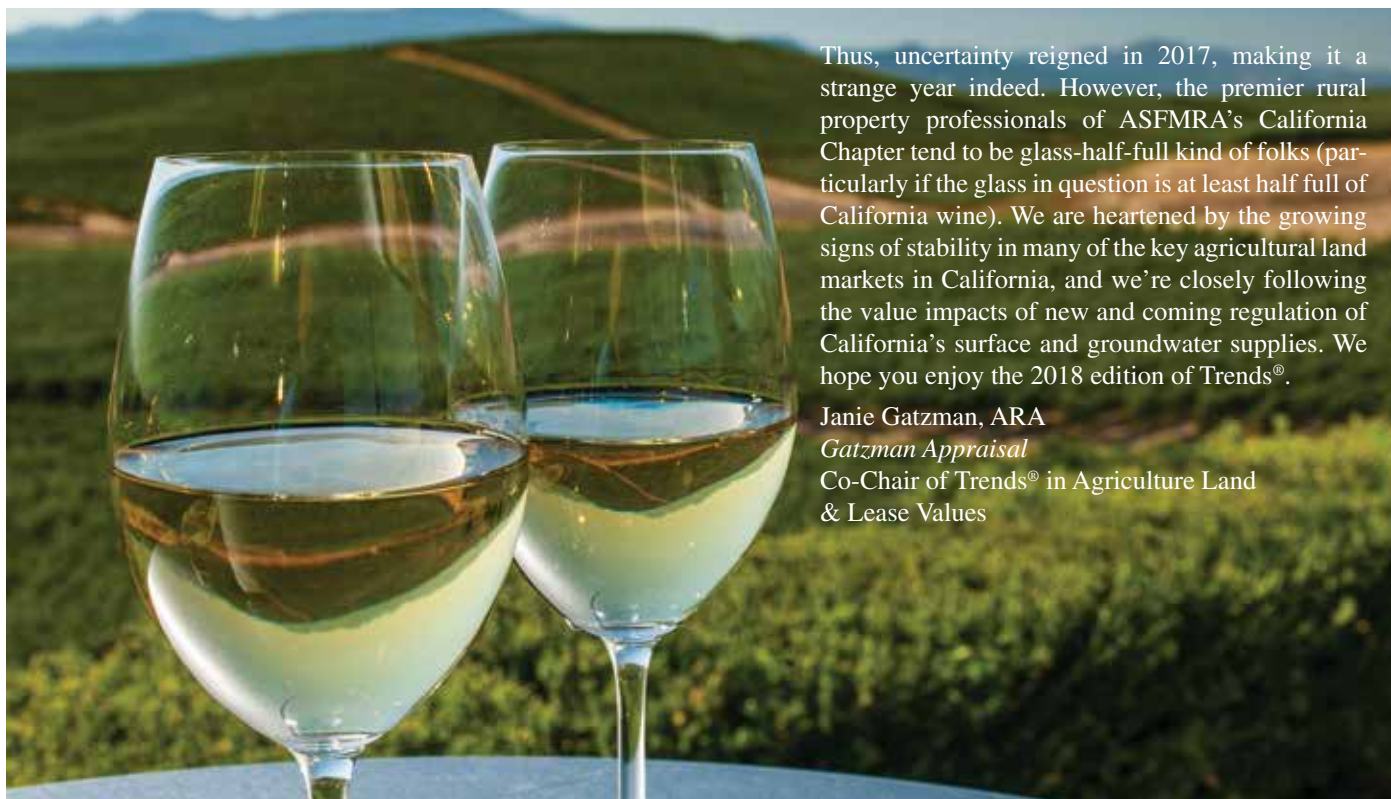
Land values in the cool, rich coastal regions showed stable prices from 2016-2017 in San Luis Obispo and Santa Barbara Counties, as well as in the Gilroy area. The Monterey area showed a slight mean value increase of 4% over 2016, while San Benito County increased by a mean of 18% over 2016. San Benito’s increase is fueled by expansion from Salinas Valley growers seeking additional land, and low inventory in both areas; only a handful of agricultural properties changed hands in Monterey County in 2017, and none at all in the prime Blanco District farming region. In San Luis Obispo County, county-level





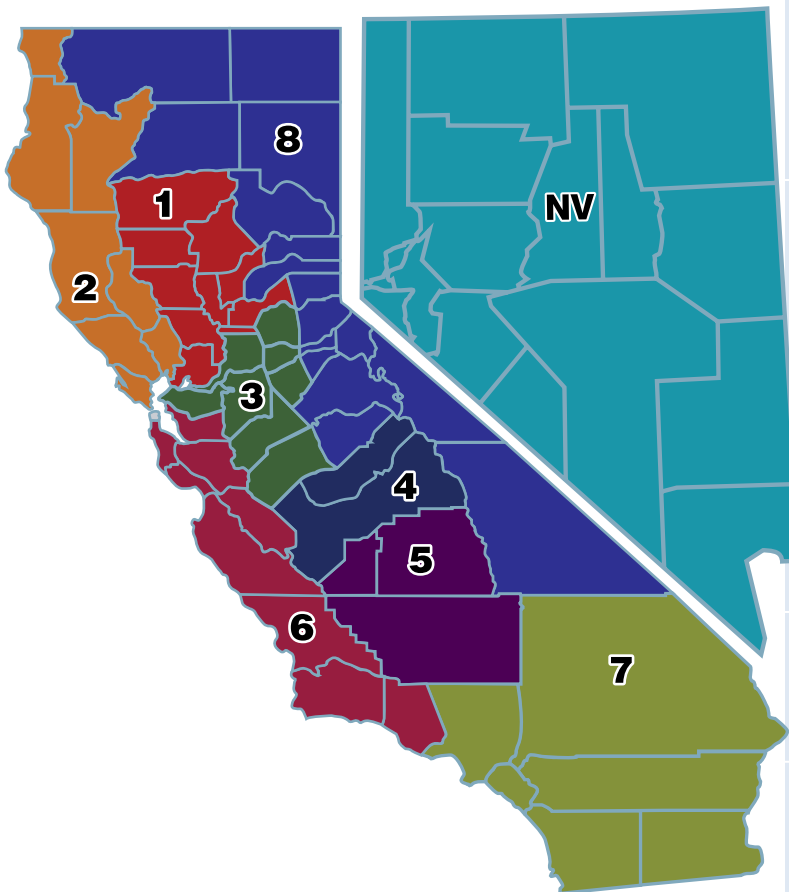
restrictions on groundwater development have driven up Paso Robles-area values of vested, plantable land from \$12,000 to more than \$20,000 per net acre. In Southern California, land values remained unchanged from 2016 in the Imperial, Coachella, and Palo Verde valleys.

While legalization of recreational cannabis in California revitalized the greenhouse market in the Central Coast in 2016, the number of transactions decreased in 2017. Significant uncertainty remains in this market due to permitting confusion between state and local regulators, black market competition resulting in a steep drop in the market price of cannabis, and the yet-to-be implemented track-and-trace system. Local support for cannabis growing operations also appears unstable. For instance, in Calaveras County, county supervisors in 2016 welcomed legal cannabis grows as a way to recover from the devastating Butte Fire of 2015. About 700 legal operations were permitted and taxed in 2016-2017. However, the board of supervisors faced a backlash from the community for the influx of cannabis operations, and supportive supervisors were recalled and replaced with anti-cannabis supervisors who voted to ban all cannabis grows in early 2018. The permitted growers who find their operations suddenly illegal have promised a new wave of recalls to reinstate the legal permitting process, warning that illegal grows will mushroom out of control without legitimate county regulation. In the meantime, the taxes and investments legitimate operators have made will remain uncompensated.



Thus, uncertainty reigned in 2017, making it a strange year indeed. However, the premier rural property professionals of ASFMRA's California Chapter tend to be glass-half-full kind of folks (particularly if the glass in question is at least half full of California wine). We are heartened by the growing signs of stability in many of the key agricultural land markets in California, and we're closely following the value impacts of new and coming regulation of California's surface and groundwater supplies. We hope you enjoy the 2018 edition of Trends®.

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



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

REGION TWO | **NORTH COAST**

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

REGION THREE | **NORTHERN SAN JOAQUIN**

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

REGION FOUR | **CENTRAL SAN JOAQUIN**

Fresno and Madera

REGION FIVE | **SOUTHERN SAN JOAQUIN**

Kern, Kings, and Tulare

REGION SIX | **CENTRAL COAST**

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San Luis Obispo, San Mateo, Santa Barbara,
Santa Clara, Santa Cruz, and Ventura

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REGION ONE | **SACRAMENTO VALLEY**



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BUTTE | COLUSA | GLENN | PLACER (WEST) | SACRAMENTO (NORTH) | SOLANO
SUTTER | TEHAMA | YUBA | YOLO



General Comments

The preceding year experienced an increased number of transactions within the Sacramento Valley Region. Demand for established orchard properties as well as orchard adaptable lands continues to drive the regional market. Growers are continuing to enjoy favorable returns for virtually all orchard crops with almond and walnut prices steadily rising over the last ± 18 months. Rebounding almond prices have continued to propel new almond developments, largely along the west side of the valley in Tehama, Glenn, Colusa, Sutter and Yolo Counties. Solano County has seen a significant amount of new almond developments over the last couple of years, largely driven by investment groups. Prunes continue at record high levels. Peaches are also receiving relatively high prices, however the ever-increasing labor costs and foreign imports (China) continue to reduce profit levels. This region saw a significant number of peach orchards removed after the 2017 crop, many of which were not yet at the end of their economic life.

Commodity prices for most irrigated field/row crops appeared relatively stable and near historical averages with the exception of alfalfa which has suffered the last several years due primarily to the depressed dairy industry. Following a severely depressed 2016 and early 2017, rice prices corrected to profitable levels around \$10-14 per cwt. Foothill dry pasture ranch and rangeland sales have been abundant in the area over the last twelve months with the majority of discovered sales occurring in the Bear Valley area of Colusa County. Values appear to be consistent with this market's historically stable to slightly increasing value trend. Virtually all known sales of commercial sized livestock

ranches occurring over the past year were purchased by established cattle operators looking to expand their winter grazing capacity. This region saw no viable turn-key dairy facility sales in 2017.

Overall, nearly all types of agricultural properties displayed stable/strong values over the past year, continuing to be primarily driven by permanent planting development. It is anticipated that land suitable for permanent plantings in this region will remain at elevated levels due to the limited supply of suitable land being offered for sale, paired with strong demand from well-capitalized, existing operators/buyers active in the market. This assertion is bolstered by the historically strong irrigation supplies available to Sacramento Valley growers, which has garnered enhanced focus over the course of the recent drought.

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WATER

The availability of inexpensive and dependable irrigation water has always been a significant factor affecting land values for the majority of the Sacramento Valley. The above-average precipitation realized during the 2016/2017 rain season provided added reassurance after widespread allotment reductions experienced in 2015, with 2016 and 2017 providing full allotments in most areas. Although the Sacramento Valley has historically experienced stronger irrigation reliability as compared to much of the San Joaquin Valley, the recent severe drought conditions have proved a sobering test to the reliability of North State water supplies. Federal water contractors within the Central Valley Project saw improved water deliveries in 2017, yet this is largely dependent on location as agricultural water service contractors north of the Delta saw 100% contract allocations as compared to service contractors south of the Delta which received just 65% of their contract supply. Sacramento and San Joaquin River Exchange and Settlement Contractors received 100% allotments. The State Water Project provided 60% allotments

in 2017, being unchanged from 2016 yet well above the 20% received in 2015 and 5% received in 2014. With the transition of substantial acreage being converted from irrigated cropland to permanent plantings and increasingly unreliable surface water supplies (exacerbated by self-imposed environmental concerns) growers are relying increasingly on pumped groundwater to supplement high cost and less reliable surface water. However, several areas which have seen significant development to permanent plantings and had historically limited groundwater supplies experienced groundwater depletion leading to the failure of some wells. The above-normal precipitation of 2016/2017 has alleviated much of the immediate concern in these specific areas, yet these issues will certainly resurface in the event of another prolonged drought. North-state buyers in 2017 were not significantly concerned about regulation or restriction of groundwater extraction due to SGMA implementation, though awareness may start increasing as SGMA deadlines loom.

IRRIGATED CROPLAND

Strong demand for nearly all types of irrigated cropland properties in the North State area continued throughout the past year with values remaining relatively stable. Supply of available properties for sale has remained limited. Most of the market participant interest was for irrigated cropland property that was adaptable to permanent planting development, namely almonds and walnuts. The moderate walnut and almond prices have had a slight dampening effect on the open land market, although no value declines have been noted. Properties with quality irrigation sources remain in high demand.

Recent transactions indicate a value range of \pm \$12,000 to upwards of \pm \$22,000 per acre for Class 1 and 2 soil types suitable for most any farming practices. Sales of less productive Class 3 and 4 irrigated cropland properties over the past year reflect a value range of \pm \$8,000 to \pm \$12,000 per acre, the result of market participants looking for any type of ground with permanent planting adaptability, primarily almonds and walnuts.

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RICE

Sales of properties strictly devoted to rice production were extremely limited in 2017. This likely in response to commodity prices which tumbled from the historical average range of $\pm\$11.00$ -\$14.00 per cwt. in March/April to $\pm\$5.00$ -\$7.00 per cwt., where prices remained static through the end of the year. Industry reports indicate that as of December 2017, the U.S. had the largest rice stocks on hand since the mid-1980s. This is the result of a 22% increase in nationwide production which boosted total crop size to a record 305 million cwt. Despite depressed rough rice prices, the few rice properties which traded hands in 2017 illustrated firmly elevated prices, largely attributable to the infrequency in which properties in the valley's rice region are offered for sale. Virtually all demand in this market has come from existing area rice growers looking to expand their operation with some orchardists in search of acreage which


may be adaptable to permanent crops. 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. Properties with strong waterfowl hunting add desirability, yet don't typically equate to elevated prices. Relieved drought conditions by above average precipitation in the North State provided for full water allocations from most surface water suppliers in 2017. This led to an estimated 499,000 planted rice acres in the state for 2017, up $\pm 18\%$ from the drought-stricken 2015 growing season. With the passage of the 2014 Farm Bill, the guaranteed USDA direct and countercyclical payments are no longer being issued to producers. In its place, USDA has created the Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. Most farmers have signed up for the PLC program which provides a payment only when prices fall below a "reference" price set by federal statute.

WALNUTS

2017 saw a relatively active market for established walnut properties, largely limited to fair and average quality orchards with few optimal, prime quality orchards offered for sale, similar to 2016. Following the commodity price correction of 2015 and 2016, walnut prices continued to firm / strengthen in 2017 which has translated to increased demand for viable orchard properties. Sales of below-average orchards and orchards largely or entirely comprised of the less desirable varieties (Serr, Vina, Tehama, Ashley, etc.) continued to illustrate reduced demand compared to modern and more desirable Chandler, Howard and Tulare orchards. Annual total production continues to reach historic highs, due primarily to the increased number of bearing acres as well as stronger per acre yields. The 2017 crop is forecasted at $\pm 650,000$ tons, slightly below the all-time record of 673,000 tons realized in 2016. The world market favors the Chandler, Howard and Tulare varieties due to the light color and high quality of the kernel with these varieties continuing to comprise the vast majority of new orchard developments.



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ALMONDS

Almond orchard property demand remains strong in the North State. Almond prices have rebounded relatively well since the sharp decline in late-2015/early-2016. The 2016 crop year, which was finalized in mid-2017 resulted in average grower return for Nonpareils around \$2.75 per pound with pollinator varieties returning between \$2.00 and \$2.30/lb. Current marketing year (2017 crop) is indicating continued firming prices with Nonpareils reportedly trading between \$2.80/lb. and \$3.10/lb. with pollinators remaining relatively static between \$2.10 and \$2.30/lb. as of early-January 2018. New almond developments are more prevalent than other permanent plantings throughout the region. The Krymsk rootstock has fostered optimism for new developments in the more marginal locations due to its strong rooting characteristics, which increases the chances of surviving strong

winds and wet soils. The newer, self-pollinating Independence variety has gained popularity. Independence pricing has been somewhat less than Nonpareil but higher than the hard shell varieties. While income is not at the record highs of a few years ago, almonds continue to provide one of the highest positive net returns when compared to the other nut crops grown in California. Sales of almond orchard properties in 2017 nearly doubled over those in 2016. Developer listings of newly planted orchards continued in the hope of cashing in on the record high prices. The Valley's west side (Yolo, Colusa, Glenn and western Tehama Counties) continued to see the largest number of new almond developments. This was largely due to the available undeveloped land with lower land values relative to the Valley's east side, with its stronger water availability and higher soil quality.

PRUNES

California's prune market enjoyed another year of strong commodity prices in 2017. The steady decline in California prune acreage since the mid-2000s coupled with low inventory levels appears to have caused a market correction illustrated by surging prices beginning with the 2013 crop. Finalized pricing and estimated non-finalized pool prices suggest an average grower return between \$1,800 and \$2,400 per dry ton for the 2016 crop, largely unchanged from 2015. Although 2017 prices have not been finalized by the Prune Bargaining Association as of the writing of this publication, prices are expected to settle slightly lower than that of 2016 due to a larger crop of smaller fruit. However, the price drop is not anticipated to be drastic. The world market has softened over the last couple of years with shipments to traditionally large players such as Russia,

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Brazil and Mexico down considerably during 2016 and 2017 equating to high carryover in both years. This is due in part to the strong U.S. Dollar as well as large imports of lower priced, small fruit from South American producers. So far in the current marketing year, international shipments have been down which is providing optimism for 2017 crop prices. Elevated price levels enjoyed over the last several years has spurred some, yet limited number of new prune orchard developments in the area with nursery reports indicating a moderate amount of new development acreage. Most of these “new” prune plantings in

the Yuba and Sutter County areas have consisted of inter-planting of advanced-age prune orchards which were near the end of their economic life. Despite these historically strong prune prices, the favorability of competing nut crops continue to entice operators towards walnuts/almonds when developing new orchards or redeveloping existing orchards. This is largely attributable to the reduced labor costs associated with nut crops in addition to greater overall perceived commodity demand. Quality prune orchards with strong crop production are rarely listed for sale, largely due to the fact that operators of high

caliber orchards are often in membership with desirable processors/marketers who have historically paid higher prices compared to that received on the cash or open market. Thus primarily only lower-quality or advanced-age prune orchards are offered for sale. The conclusion drawn is that current prune growers are enjoying elevated commodity prices which has led to some new prune orchard plantings however, the overall prune market continues to be somewhat overshadowed by the demand for alternative permanent plantings.



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VALUES: LAND AND LEASE

LAND USE	VALUE PER ACRE	ACTIVITY / TREND	RENT RANGE	ACTIVITY / TREND
<u>COLUSA, GLENN, BUTTE & TEHAMA (Northwestern Counties)</u>				
Rice	\$10,000 - \$13,000	Moderate/Stable	\$275 - \$450/ac or 20% - 30%	Limited/Stable
Irrigated Cropland	\$10,000 - \$20,000	Moderate/Stable	\$200 - \$350/ac or 12% - 25%	Moderate/Stable
Rangeland	\$650 - \$2,500	Moderate/Sl. Increasing	\$10 - \$45/ac or \$30 - \$45/AUM	Moderate/Increasing
Almonds	\$20,000 - \$30,000	Moderate/Stable	25% - 35%	Moderate/Stable
Walnuts	\$20,000 - \$30,000	Moderate/Stable	25% - 35%	Limited/Stable
Prunes	\$19,000 - \$28,000	Very Limited/Stable	15% - 25%	Very Limited/Stable
Olives	\$10,000 - \$19,000	Very Limited/Stable	10% - 20%	Very Limited/Stable
<u>YUBA SUTTER AREA (Feather River Basin & Sutter Basin)</u>				
Rice	\$9,500 - \$12,500	Limited/Stable	\$250 - \$400/ac	Moderate/Stable
Irrigated Cropland	\$12,000 - \$22,000	Limited/Stable	\$200 - \$300 - 12% to 25%	Moderate/Stable
Walnuts	\$18,000 - \$33,000	Moderate/Stable	20% - 30%	Very Limited/Stable
Prunes	\$20,000 - \$28,000	Very Limited/Stable	15% - 25%	Very Limited/Stable
Peaches	\$27,000 - \$30,000	Very Limited/Stable	12% - 25%	Very Limited/Stable
<u>SOUTH SUTTER, WESTERN PLACER, NORTH SACRAMENTO, SOLANO & YOLO COUNTIES</u>				
Rice	\$9,000 - \$13,000	Moderate/Increasing	\$200 - \$350	Moderate/Stable
Vegetable Crops: Class 1-2 Soil	\$15,000 - \$23,000	Moderate/Stable	12% - 30%	Limited/Stable
Irrigated Field Crops: Class 3-4 Soil	\$8,500 - \$16,000	Moderate/Stable	12% - 30%	Limited/Stable
Rangeland	\$750 - \$3,500	Moderate/Stable	\$10 - \$45/ac or \$30 - \$45/aum	Moderate/Stable
Walnuts	\$16,000 - \$25,000	Moderate/Stable	20% - 25%	Limited/Stable
Vineyards	\$15,000 - \$30,000	Limited/Stable	20% - 25%	Very Limited/Stable

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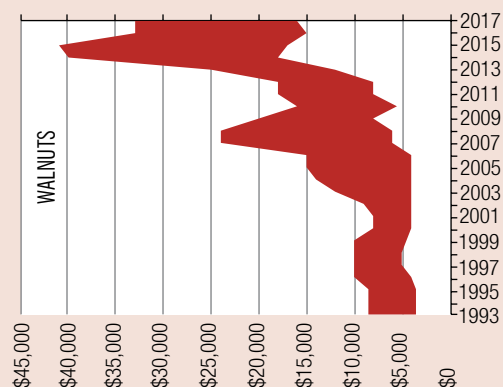
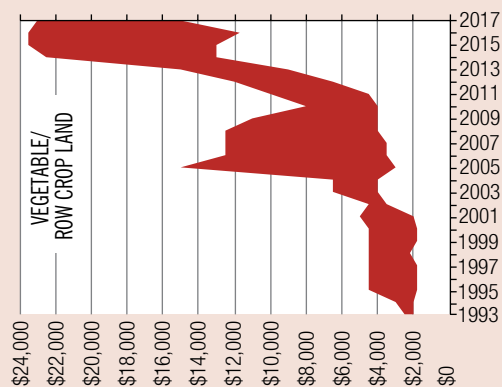
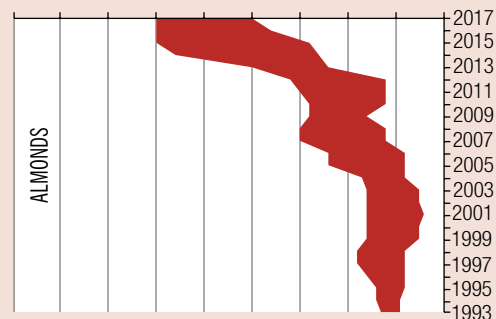
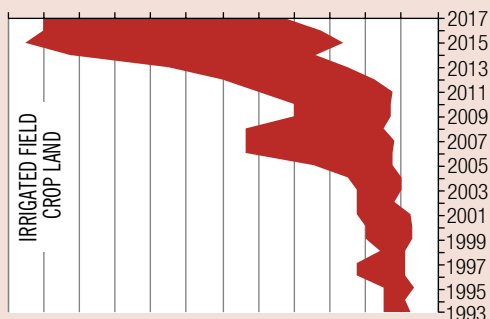
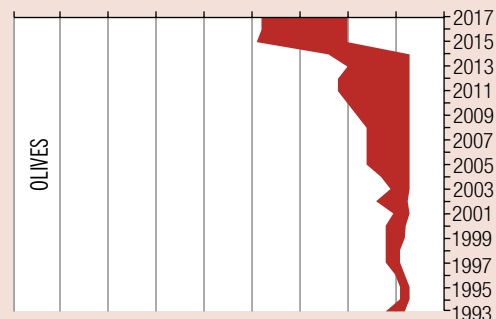
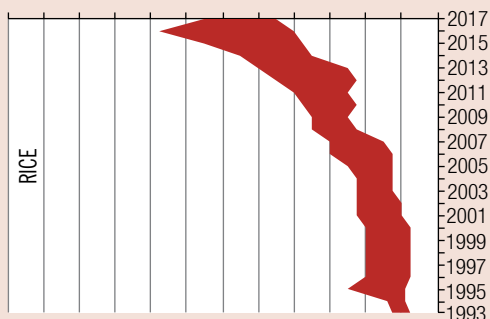
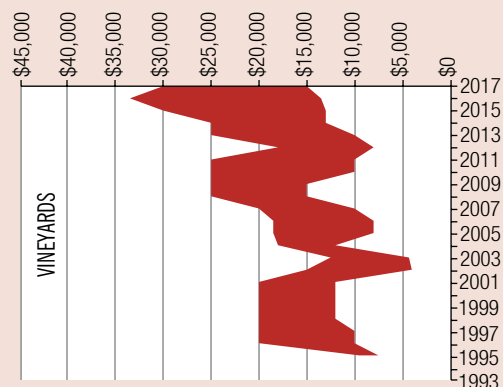
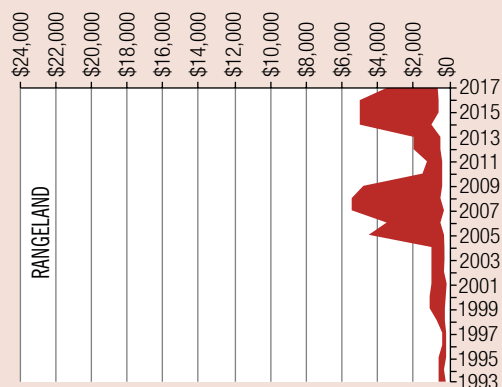


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HISTORICAL VALUE RANGE per acre

LAND USE	IRRIGATED CROPLAND	RICE	RANGELAND	WALNUTS	PRUNES	OLIVES	ALMONDS
COLUSA, GLENN, BUTTE and TEHAMA COUNTIES (NORTHWESTERN COUNTIES)							
2017	\$10,000 - \$20,000	\$10,000 - \$13,000	\$650 - \$2,500	\$20,000 - \$30,000	\$19,000 - \$28,000	\$10,000 - \$19,000	\$20,000 - \$30,000
2016	\$10,000 - \$22,000	\$8,000 - \$12,000	\$600 - \$1,700	\$20,000 - \$30,000	\$18,000 - \$25,000	\$10,000 - \$19,000	\$18,000 - \$30,000
2015	\$7,000 - \$22,000	\$8,000 - \$10,500	\$600 - \$1,500	\$17,000 - \$33,000	\$22,000 - \$31,000	\$10,000 - \$19,500	\$14,000 - \$30,000
2014	\$6,800 - \$20,000	\$8,000 - \$10,500	\$1,000 - \$1,500	\$25,000 - \$40,000	\$9,500 - \$24,000	\$3,500 - \$12,000	\$13,000 - \$28,000
2013	\$6,000 - \$15,000	\$6,000 - \$10,000	\$600 - \$1,500	\$12,000 - \$25,000	\$6,000 - \$12,000	\$3,500 - \$10,000	\$12,000 - \$20,000
2012	\$3,500 - \$12,000	\$5,000 - \$9,000	\$600 - \$1,250	\$8,000 - \$18,000	\$5,000 - \$10,000	\$3,500 - \$11,000	\$6,000 - \$16,000
2011	\$3,500 - \$10,000	\$5,000 - \$8,000	\$600 - \$1,250	\$8,000 - \$16,000	\$5,000 - \$10,000	\$3,500 - \$11,000	\$6,000 - \$15,000
LAND USE	IRRIGATED CROPLAND	RICE	WALNUTS	PRUNES	PEACHES		
YUBA SUTTER AREA (FEATHER RIVER BASIN and SUTTER BASIN)							
2017	\$12,000 - \$22,000	\$9,500 - \$12,500	\$18,000 - \$33,000	\$20,000 - \$28,000	\$27,000 - \$30,000		
2016	\$18,000 - \$22,000	\$8,000 - \$11,000	\$18,000 - \$33,000	\$20,000 - \$28,000	\$27,000 - \$30,000		
2015	\$15,300 - \$23,000	\$7,750 - \$10,000	\$32,000 - \$41,000	\$20,600 - \$35,000	\$30,000 - \$35,000		
2014	\$7,900 - \$20,500	\$8,500 - \$11,000	\$23,000 - \$30,000	\$15,500 - \$26,000	\$20,000 - \$28,000		
2013	\$5,000 - \$15,000	\$6,000 - \$8,000	\$12,000 - \$25,000	\$8,000 - \$13,000	\$10,875 - \$19,500		
2012	\$5,000 - \$12,000	\$6,000 - \$8,000	\$12,000 - \$17,500	\$8,000 - \$13,000	\$10,875 - \$19,500		
2011	\$5,000 - \$10,000	\$5,000 - \$8,000	\$12,000 - \$16,000	\$8,000 - \$12,000	\$12,000 - \$15,000		
LAND USE	VEGETABLE CROPS Class 1-2 Soils	IRRIGATED CROPLAND Class 3-4 Soils	RICE	RANGELAND	WALNUTS	VINEYARDS	
SOUTH SUTTER, WESTERN PLACER, NORTH SACRAMENTO, SOLANO and YOLO COUNTIES							
2017	\$15,000 - \$23,000	\$8,500 - \$16,000	\$9,000 - \$13,000	\$750 - \$3,500	\$16,000 - \$25,000	\$15,000 - \$30,000	
2016	\$11,700 - \$23,500	\$6,500 - \$14,500	\$9,500 - \$15,500	\$750 - \$5,000	\$15,000 - \$30,000	\$13,500 - \$33,500	
2015	\$13,000 - \$23,500	\$5,250 - \$14,500	\$7,500 - \$13,000	\$750 - \$5,000	\$18,000 - \$35,000	\$13,000 - \$30,000	
2014	\$13,000 - \$22,500	\$7,000 - \$13,000	\$7,000 - \$10,000	\$1,000 - \$5,000	\$18,000 - \$30,000	\$13,000 - \$25,000	
2013	\$9,000 - \$15,000	\$5,000 - \$7,000	\$5,000 - \$9,000	\$500 - \$2,000	\$12,000 - \$25,000	\$10,000 - \$25,000	
2012	\$6,500 - \$12,000	\$3,500 - \$7,500	\$4,500 - \$9,000	\$500 - \$2,000	\$9,000 - \$18,000	\$8,000 - \$18,000	
2011	\$4,500 - \$10,000	\$2,500 - \$5,500	\$5,000 - \$8,000	\$400 - \$1,200	\$9,000 - \$18,000	\$10,000 - \$25,000	



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North Coast Overview

Well, we can't discuss the North Coast this year without first addressing the October 2017 Northern California Wildfires. On October 8th multiple wildfires broke out across the North Coast, in Napa, Sonoma, Mendocino and Lake Counties. Excessive fuel, dry conditions, and winds reported at over 85 mph, were a complete recipe for a firestorm. The fires were driven through rough terrain, expansive valleys, across major thoroughfares, as well as small and large communities, forcing evacuations in Napa, Calistoga, Santa Rosa, Sonoma, Kenwood, and many other North Coast communities. Once contained, the fires had laid waste to over 200,000 acres and destroyed over 8,350 homes, businesses and structures. Most of the region was on complete lock-down for nearly two weeks. Once emergency responders moved from saving lives to fighting the fires, extensive resources were mobilized to restore access, power, natural gas, and communication systems destroyed by fire. The fires hit at the peak of the wine tourist season, and while news reports showed extensive devastation and loss, damage to the vineyard and wine industry proved to be fairly limited. Fortunately, most of the 2017 crop was in the winery, except for a small portion of the late season wines, like Cabernet Sauvignon and Zinfandel. Despite the events of the year, 2017 should see an average sized crop, with very good overall wine quality.

The North Coast region 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 are less agriculturally diverse, consisting mostly of forest products, specialty dairy, and cattle.

The region's diversity is attributed to the mild coastal climate, good water resources, and proximity to urban population/wealth centers. 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 legalization of cannabis or marijuana is impacting Sonoma, Mendocino, Humboldt and Trinity Counties, with significant movement into Santa Rosa's industrial space. While the industry has the potential to move out of the hills to agricultural sites, competition and values for agricultural land are mostly unaffected, since most jurisdictions have placed significant limits on the size of outdoor grows. While this industry was just legalized by California voters, the Federal Government still considers it illegal. As most banks are federally regulated, financial resources are mostly unavailable. Currently, there is not sufficient market data available to address valuation issues or clearly track any trends relative to this evolving market.

The vineyard and wine industry is mostly in the south, within California's North Coast American Viticultural Area (AVA). This AVA extends from the San Francisco Bay, about 100 miles north, and from the Pacific Ocean, about 50 miles inland. 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 southwestern Solano Counties. Napa and Sonoma Counties are the best-known wine regions in the North Coast, California, and the US.

The Wine Institute notes that there are over 4,700 bonded wineries in California (licensed wineries, warehouses, individuals, etc.), but only about 1,850 physical wineries, in addition to over 602,000 acres of wine grapes. The North Coast is home to approximately 905 physical wineries and 142,000 acres of wine grape vineyards, or about 49% of the State's wineries and 23% of the vineyard acreage. Information obtained from key winery and vineyard groups in each county indicates that: Napa has about 475 wineries and 45,000 acres of vines; Sonoma has 255 wineries and 64,100 acres of vines; Mendocino has 108 wineries and 21,400 acres of vines; Lake has 35 wineries and 8,400 acres of vines; Solano (Suisun & Green Valley AVA) has 20 wineries and 3,000 acres of vines; and Marin 12 wineries and 200 acres of vines.

Wine Industry Overview: While the final numbers have yet to be tallied, 2017 will go on record as the twenty-second consecutive year of positive growth for the US wine industry, noting that the growth rate is slowly declining as boomers are being replaced by much more cost-conscious millennials who have a much broader choice in alcoholic beverages, as well as cannabis. The US will maintain its position as the world's largest wine market, dating back to 2010. Domestic wine sales were up over 2016, with consumers continuing to trade up.

The upward US wine trends are anchored by the continued strength of the US economy, declining unemployment rates, and strong interest in drinking diversity. With all these factors in place, consumers are continuing to embrace Premiumization, and are willing to not only try new wines, but are willing to pay for quality or premium wines. The legalization of recreational cannabis use in 2018 is something to watch, to see if Boomers harken back to their youth and give it a try; but as of 2017 the wine industry posted strong growth between 10 and 14% above 2016 levels in the premium wine segments. As long as the economy continues to hold, it appears that the premium wine markets that the North Coast supplies should continue to perform well.

The wine industry continues to see consolidation in traditional distribution channels with retail shelf space

becoming tighter, thus nearly all wineries are looking to expand direct-to-consumer wine programs (tasting rooms, wine clubs, and other web-based programs). Direct/retail sales generate significantly higher returns than traditional wholesale distribution channels. This is critical for many small and mid-sized wineries (<10,000 cases) who no longer have ready access to traditional wholesale distribution channels. While direct sales are critical to the smaller producers, large producers are actively working to expand their direct or retail sales, since returns are significantly greater than distributor or brokered wine sales. A fact that is often overlooked when addressing grape pricing, is that the vast majority of the wine being sold is through distributors.

Today, both wineries and growers are moving to maximize vineyard yields by redeveloping vineyards with declining production to modern, higher density and higher producing vineyards. Additionally, as demand for Cabernet continues to soar, we have seen a significant expansion of Cabernet planted in areas previously considered too hot or cold for this varietal. Growers are benefiting from above-average yields and the fact that wineries are paying near county average prices. Fortunately, the region has seen nearly seven years of uncharacteristically good growing conditions, and grape quality from many of these secondary areas locations has been appropriate for use in many mid-priced wine programs.



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Napa County

Napa is best known for premium wine production, and has become somewhat synonymous with world-class Cabernet Sauvignon. Wine, wine grapes, and tourism remain the primary economic drivers for Napa, with no other agricultural uses of note. Napa produces a wide variety of high-quality wines aside from Cabernet Sauvignon, including Chardonnay, Pinot Noir, Sauvignon Blanc, Merlot, and Zinfandel, to name a few. However, the region is still best known for its high-quality Bordeaux style red wines, many of which command the highest wine and wine-grape prices in the state.

Premiumization has been a prevalent theme in Napa for several years. Today's key market participants include wineries, growers, financial investors, and lifestyle buyers. The market continues to be the benefactor of a robust economy and a diverse group of lenders, offering loans at historically low interest rates with equally historically high loan-to-value ratios. This is said to be necessary for lenders to compete with an excessive amount of cash sitting idle in the market today.

Regarding Premiumization, Napa leads the pack. In recent years consumers have continued to trade up to higher-priced premium wines, which has worked well for Napa as well as the rest of the North Coast Wine Region. If strong wine prices drive strong grape prices, which in turn drive strong vineyard and land prices, 2017 did not disappoint in any category. Premiumization, coupled with the intense demand for Cabernet, and simple economics have been at the forefront of a trend to redevelop much of the Napa Valley to Cabernet. Time will tell if the fruit quality will allow Napa to continue to reign supreme in the Cabernet market, or if this will open the door to other high quality, but lower cost Cabernet regions like Sonoma County's Alexander Valley.

Napa's vineyards were blessed with heavy winter rains, which filled the reservoirs and replenished groundwater reserves depleted by the extended drought. The vines responded well to a mild spring, extended bloom, and good fruit set. The season was progressing

well until the early September heatwave caused sugar levels to jump, and harvest to swing into high gear for the whites and early harvest reds. The heatwave broke and normal weather patterns resumed, allowing additional hang time for the Cabernet and Bordeaux grapes. Fortunately, most of the crop had been harvested before the October wildfires broke out, with most growers and wineries optimistic about this year's fruit and wine quality, noting that 2017 saw an average-sized crop.

Grape prices are typically tied to supply and demand, and Napa is no exception—except that supply has been limited by the fact that Napa is for all accounts planted-out. Production and demand were generally in balance for the six years between 2004 and 2010, with Cabernet Sauvignon prices steadily increasing about 2.1% per year over the period (\$3,948 to \$4,480/ton), as reported in the USDA Grape Crush Report for District 4, Table 6. Between 2010 and 2016, production and premiumization saw Cabernet prices escalate to around 7.8% per year (\$4,480 to \$6,830/ton), with the expectation that the average Cabernet price for 2017 will exceed \$7,000 per ton. While this benefits growers and landowners alike, there is growing concern as to just how high prices can go. Since wine prices ultimately drive the market, it is important to note that grape and vineyard prices are going up faster than wine prices, resulting in an economically unsustainable trend.

A key factor driving Napa's market in recent years is that Napa is effectively planted out, with no significant acreage available for future vineyard development or expansion. Most of the valley floor and readily developable hillside parcels are planted, with nominal land available for development. Over the past twenty years, increasing environmental regulations, urbanization, and governmental regulations have greatly curtailed the ability to expand vineyard development. Tough erosion control, view-shed, and stream setback ordinances coupled with growing resistance from voters and environmental groups are making vineyard development time consuming, expensive, and highly speculative. This has greatly increased demand for existing properties, forcing

grape, vineyard and plantable land prices to increase at somewhat unprecedented levels.

Winery development has also come under greater scrutiny, with local government and voters looking to revise the Winery Definition Ordinance, resulting in a record number of new winery permit applications being filed. This has in turn increased the value of sites with established winery permits. Traffic throughout much of the Napa Valley has reached critical mass. Over the past ten years housing price and availability has displaced much of the workforce serving the vineyard, wine, and related tourist trades. With much of the workforce now commuting into the Napa Valley, coupled with the growing wine tourist trade, and a general increase in full-time residents living up valley, Napa's two main access roads now suffer from almost constant gridlock. This has sparked growing opposition to new winery construction. Concerns regarding the time and cost to obtain winery use permits, as well as uncertainty as to what approvals will ultimately be granted, are forcing many would-be winery developers to buy existing facilities, driving up demand (and prices) for established wineries.

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 distinct markets, resulting from differences in location, AVA and Terroir, which are the collective environmental factors affecting varietal selection and fruit quality. Relative to market demand and prices, Napa has historically had three fairly distinct geographic markets, driven primarily by location and AVA, as well as wine and vineyard economics.

- **Prime Napa Valley** has historically included the heart of the Napa Valley and the surrounding hills, including some of the most recognized valley floor appellations including Oakville, Rutherford, St. Helena and Stags Leap, in addition to the surrounding hillside appellations including Howell Mountain, Spring Mountain, and Diamond Mountain, plus geographically significant growing areas like Pritchard Hill. This area has historically produced Napa's highest quality Cabernet Sauvignon and Bordeaux style

red wines, with many of the highest quality wines coming from foothill and upland parcels. Historically, many of the low-lying sites along the Napa River have been developed to Sauvignon Blanc, Merlot, Chardonnay, garnering prices near the bottom of the value range. Today, the trend is to redevelop these sites to Cabernet, by adding extensive drainage.

The trend is attributed to the fact that Cabernet returns are twice those from traditional varieties, with the economic returns from more traditional varieties, barely supporting the underlying plantable land values. Intense demand from wineries, growers, and investment buyers, coupled with increasing grape prices have kept vineyard and land prices on an upward trend, mostly in the \$300,000 to >\$400,000/acre range.

- **Secondary Napa Valley** has historically included the northern and southern ends of the Napa Valley, bordering the prime areas. To the north is the Calistoga Appellation, with Yountville, Oak Knoll, and Coombsville Appellations plus the surrounding hills, including Atlas Peak, Soda Canyon, and Mt. Veeder, to the south, and to the Los Carneros Appellation, lying southwest of Napa next to San Pablo Bay. These areas were historically considered too hot (north) or too cool (south) for premium Cabernet and Bordeaux varietals, and were developed to Zinfandel in Calistoga, Merlot, Chardonnay, and Sauvignon Blanc between Napa and Yountville, and either Chardonnay or Pinot Noir in Los Carneros.

Excluding Los Carneros, the trend is to redevelop Sauvignon Blanc, Chardonnay and Merlot vineyards to Cabernet Sauvignon, as the earnings potential is nearly double, since wineries are paying near county average prices for the fruit. As with the prime area, the economic returns from traditional varieties supports values close to the plantable land, with modern Cabernet vineyards supporting \$230,000 to >\$300,000/acre. As new plantings come into production time will tell if the fruit quality will continue to command the prices currently being paid, if so values will likely stabilize at the higher levels.

- **Outlying Napa County** includes vineyard areas outside the Napa Valley, most notably Chiles Valley, Pope Valley, Wooden Valley, and American Canyon. The key for these outlying areas is that they are still within the Napa Valley AVA, meaning the fruit can be used in any Napa Valley AVA wine. While these areas can produce high quality fruit, they are generally subject to more extreme weather patterns. This increases productive risk since the area is generally more prone to frost, excessive heat, or bay cooling, which generally results in lower yields, fruit quality, grape prices, and net earnings, in the long run, as compared to vineyards in either the Prime or Secondary markets.

There has been limited market activity over the past four years, but it has bolstered values throughout the Outlying areas, with one 2017 sale (to an investment buyer) at nearly double the market range. While this sale is important, one sale does not make a market. Grape demand and prices have been elevated by the intense demand for Napa Cabernet, and the region has benefited from six unseasonably mild weather years, with above average production and fruit quality. This has enhanced long-term earnings expectations, with several large wineries and financial buyers willing to take the risk. With higher returns, vineyards in these areas have remained in the \$50,000 to >\$130,000/acre range.

Continued economic improvement, the limited availability of planted and plantable land, increasing demand and pricing for Cabernet, plus increasing development constraints and restrictions, had a positive impact on demand and values for Napa's Prime and Secondary markets in 2017. While demand and

prices remain the strongest in the Prime markets, the need for quality fruit is blurring the geographic lines which have traditionally separated these market segments. Today, premium prices are being paid for Secondary area properties capable of producing truly premium quality Cabernet, regardless of AVA. Additionally, demand and prices in much of the Secondary markets were also at record highs for sites capable of producing and ripening average to good quality Cabernet. This is because the returns are nearly double those available to Merlot, Chardonnay, Sauvignon Blanc and Zinfandel.

Sonoma & Marin Counties

Sonoma County's agricultural markets continued the increasing value trend that was established in the five previous years. 2017 saw strong demand and sales volume for commercial vineyards and vineyard estate properties of all sizes and locations. This trend is a direct result of the strong economy, low interest rates, potentially high vineyard earnings, and increased winery purchases of vineyards and plantable land.

Wineries have become more active buyers in order to better-control grape supplies and costs, avoid increasing governmental regulations, and mitigate the higher costs for new vineyard developments. Market values have continued an upward trend with values exceeding previous record highs, and a larger number of properties selling at the upper end of the value ranges. The Premiumization trend discussed in recent years for Napa County has gained a firm stronghold in Sonoma County as well. Pinot Noir and Chardonnay vineyards



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in prime locations with established reputations for luxury to cult wine quality continue to lead the market. However, the strong demand for high quality Cabernet Sauvignon has driven Alexander Valley vineyard values close to those of prime Russian River and Sonoma Coast Pinot Noir and Chardonnay values.

Sonoma County is now following Napa Valley with prime and secondary area classifications due to increased demand and sales in areas previously identified as outlying. The prime classification defines the established American Viticultural Areas (AVA) of Alexander Valley, Dry Creek Valley, Knights Valley, Sonoma Valley, portions of the Sonoma Coast and the Russian River Valley AVA's. The secondary classification defines areas such as the newly established Petaluma Gap AVA and movement to establish vineyards in outlying mountain locations within the prime or secondary market areas. This increased demand in secondary areas was a result of plantable land values being relatively inexpensive (\$20,000 to \$40,000 per acre) in comparison to plantable land values in prime areas (\$70,000 to \$100,000 per acre).

Sonoma and Napa County wineries and large investment groups are the principal buyers for large commercial vineyards, with wineries continuing to be a key buyer for large and small vineyard designate or boutique-style vineyards. Other buyers include local growers and investors.

Vineyard designates (named vineyards) and AVA's continue to play a greater role in property pricing. There can be substantial value differences within a single AVA due to individual micro climates, soils, and grape varieties grown. These factors greatly influence grape tonnage and quality, which in turn directly impact net earnings. Additionally, some AVAs are increasingly becoming associated with specific varietals, such as Alexander Valley with Cabernet Sauvignon, Russian River Valley with Pinot Noir and Chardonnay, and Sonoma Coast with Pinot Noir. Vineyard designates with registered trademarked names are also becoming more common and, depending on reputation, can command premium pricing.

After consecutive large grape crops in 2013 and 2014, 2015 saw a small crop, with an average sized crop in 2016. Growers welcomed heavy winter rains in early 2017, which brought an end to drought conditions throughout the region. 2017 saw a normal start to the season and a good fruit set. The region experienced a fairly hot summer, and some early rains, which culminated in an average sized crop in 2017. The wildland fires in early to mid-October were a serious concern, but most of the harvest was already in with little concern as to fruit or wine quality. There does not currently appear to be an oversupply of grapes and continued strong demand for both wine grapes and vineyards is expected. Vineyard viability remains highly scrutinized and marginal vineyards continue to be purchased at prices near bare land values.

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ties have clearly rebounded in value since 2011 and have exceeded previous record highs.

One Sonoma County winery facility sold in 2017, in comparison to six selling in 2016. The winery sale supports a stable value trend. Sales of wineries with successful brands, daily public tasting, and locations in primary tourist areas contribute values that are near current construction costs. Wineries that sell without a recognized brand exhibit normal levels of depreciation. Larger facilities (40,000 cases or more) are typically discounted beyond normal levels of depreciation due to a very limited buyer base. Vested winery permits for unimproved properties typically only contribute value when the property is in a primary tourist area. Significant premiums are paid for permits on sites in prime tourist areas that allow for public tours, tastings, retail sales, and events, due to increasing government regulations and local opposition to new or additional winery permits.

The Sonoma-Marín 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 specialty vegetable production. Average to estate quality homes are also 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. Low conventional milk prices and high feed costs have resulted in most conventional producers in the region transitioning their herds and facilities to organic milk production. North coast organic dairies have benefitted from substantially higher organic milk prices. The ability to pasture cows, and proximity to Bay Area consumer markets allows for the development of specialty or artisan cheese, butter, and yogurt products. Within the last few years, a surplus of organic milk has resulted in minor to significant drops in price per cwt., and/

or reductions in production volume depending on the dairy's contract with their supplier. For 2018, most producers anticipate a total loss of about 25% of gross income from the peak market in 2016. Future pricing of organic milk is speculative as long-term effects of the surplus are unknown, and conventional milk prices continue to decline. Despite this, land values for organic pasture increased as dairies are still in need of pasture to comply with organic regulations and for farming to offset feed costs. This is evidenced by more properties selling within the upper end of the range rather than an increase in the value range.

Premiums are being paid for properties that are comprised of multiple legal parcels or have the potential to be subdivided. For local dairies and livestock producers, the sale of development rights to conservation organizations has provided a means of offsetting the high cost of purchasing pasture.

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 grapes. 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 has enabled growers to contract their fruit at good prices for the past several years, along with reintroduction of preplant and long-term contracts.

Above average rainfall levels this past winter replenished reservoirs and groundwater resources throughout the region, with the 2017 grape crop reflecting above average yields for most growers. Most of the grape harvest was concluded in early October, so the October wildfires had nominal impact on the 2017 harvest. Anderson Valley continued to experience strong demand for Pinot Noir in 2017, with most growers receiving prices of \$3,500 to \$6,000 per ton, while Inland Mendocino Pinot Noir was closer to \$1,800 per ton. The demand for Cabernet Sauvignon was exceptionally strong at \$2,000 to over \$2,400 per ton throughout most of the region. The market price of Chardonnay remained stable at \$1,200 to \$1,500 per ton, with some long-term and pre-plant contracts being offered again. As Sauvignon Blanc vineyards continue to be replanted to Cabernet Sauvignon in Napa and Sonoma County, the demand for Sauvignon Blanc in Lake County was exceptionally strong, with most growers receiving prices of \$1,100 to \$1,500 per ton. The demand and prices for Cabernet Sauvignon in Lake County was also very strong, with prices similar to Mendocino County or higher, again, with much of the fruit going into Napa and Sonoma wine programs.

The sales activity throughout Mendocino County in 2017 was modest, with a mix of small and mid-sized vineyard sales, scattered from Potter Valley to Hopland. Most average quality vineyards sold in the high-\$20,000's, with one good quality vineyard selling for around \$40,000 per acre. The sale activity in Anderson Valley was very limited, which is typical for the area. Anderson Valley vineyards appear to have stabilized, but with continued

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strong demand from Napa and Sonoma County wineries for area vineyards and fruit. The most recent sales in Anderson Valley of good quality vineyards have sold upwards of \$100,000 per acre mostly to wineries out of Sonoma and Napa County. Inland Mendocino County vineyard sales appear to have stabilized in the past year, but with limited market activity. The number of vineyard listings in Mendocino County is very limited.

Lake County like Mendocino has also seen its agricultural industry centered almost exclusively on vineyards and wineries. 2017 saw strong yields and high-quality wine grapes, attributed to 2016's strong winter rains, which were particularly beneficial in helping the region recover from the wildfires in 2015 and 2016. The 2017 growing season was characterized as fairly normal with no serious frost, and the since the vines weren't water stressed, they were able to handle the August heatwave with minimal impact on the fruit. The market demand for vineyards in Lake County remained strong, with a modest number of sales. Sales in the Big Valley area generally ranged from \$25,000 to \$38,000 per acre, for vineyards typically producing from 6 to over 7 tons per acre. The highest priced vineyards in Lake County were located in the Red Hills and High Valley regions, mostly for high quality, upland Cabernet Sauvignon vineyards developed on volcanic soils.

Mendocino and Lake County's pear acreage has stabilized in the last few years, after years of continued decline. Most of the remaining orchards are high producing and owned by a handful of long-time growers. The 2017 crop was slightly above historical averages, with

generally good fruit size and quality. 2017 saw reduced demand from canneries, with more pears being directed to the fresh market, with the average market price declining slightly from their record highs. Most growers received average prices from \$350 to around \$400 per ton. The outlook for the industry is somewhat concerning due to reduced demand from the canneries, increasing operating costs, uncertainty of affordable and available labor, and new regulations which could have a major impact on profitability going forward. No established orchards sold in Mendocino or Lake County in 2017 and no new orchards have been planted or are scheduled to be planted. The walnut planting craze appears to have reached Lake County, with some small developments showing up on the fertile bottomlands.

Humboldt, Del Norte & Trinity Counties

This area overlies the most northern 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 very little measurable change noted over the past few years.

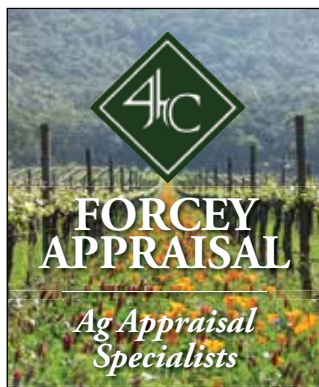
Humboldt County is located on the Pacific Coast in the northwestern California, approximately 200 miles north of San Francisco. Agriculture is tied primarily to dairies, pasture crops, and cattle ranching. This market has seen very few sales or significant value trends over the past ten years. Marked 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 landlord. 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 a larger nursery operation. Increasingly, dairies in Humboldt County are converting to organic operations. The county's dairies tend to be small (200 to 300 cows) turn-key operations with the cows on pasture most of the year. High organic milk prices relative to lower conventional prices in the past encouraged this transition. Organic operators are interested in expanding operations and demand for pastureland, particularly in Ferndale.

Del Norte County is located on the Pacific Coast in the extreme northwest corner of the state. This is a remote area with over 97% of the land area identified as forestland that is mostly owned by the federal government. Agricultural activity is limited to the flood plain of the Smith River and the adjacent coastal benches. Agricultural production includes dairying, beef cattle, Easter lily bulbs and irrigated pasture crops, and one nursery operation. Agricultural land is closely held and sales activity is very limited. Pasture land values range from \$4,000 (dry) to \$6,500 (irrigated) per acre. Easter lily cropland values range from \$7,500 to \$8,000 per acre.

Trinity County is located in the Klamath Mountains in northwestern California. This is 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 sales activity is non-existent. Generally, sales from adjacent counties must be relied on to value the agricultural land in Trinity County.



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VALUES: LAND AND LEASE

LAND USE	VALUE PER ACRE	ACTIVITY / TREND	RENT RANGE	ACTIVITY / TREND
<u>NAPA COUNTY</u>				
Vineyards - Prime Napa Valley	\$300,000 - >\$400,000	Strong/Increasing	N/A	N/A
Vineyards - Secondary Napa Valley	\$120,000 - >\$300,000	Strong/Increasing	N/A	N/A
Vineyards - Outlying Napa County	\$50,000 - >\$130,000	Limited/Stable	N/A	N/A
Plantable - Prime Napa Valley	\$200,000 - >\$250,000	Strong/Increasing	N/A	N/A
Plantable - Secondary Napa Valley	\$50,000 - >\$200,000	Strong/Increasing	N/A	N/A
Plantable - Outlying Napa County	\$25,000 - >\$50,000	Limited/Increasing	N/A	N/A
Homesite - Prime Napa Valley	\$2,000,000 - >\$5,000,000	Strong/Increasing	N/A	N/A
Homesite - Secondary Napa Valley	\$300,000 - >\$2,500,000	Strong/Increasing	N/A	N/A
Homesite - Outlying Napa County	\$0 - >\$350,000	Limited/Stable	N/A	N/A
<u>SONOMA COUNTY</u>				
Vineyards - Prime	\$100,000 - \$170,000	Moderate-Strong/Increasing	N/A	N/A
Vineyards - Secondary	\$70,000 - \$100,000	Moderate-Strong/Increasing	N/A	N/A
Plantable - Prime	\$70,000 - \$100,000	Moderate-Strong/Stable	N/A	N/A
Plantable - Secondary	\$25,000 - \$40,000	Moderate-Strong/Increasing	N/A	N/A
Homesite - Prime	\$300,000 - \$3,100,000	Moderate-Strong/Increasing	N/A	N/A
Homesite - Secondary	\$0 - \$300,000	Moderate-Strong/Stable	N/A	N/A
Sonoma-Marin Pasture	\$7,000 - \$13,800	Moderate-Strong/Increasing	N/A	N/A
<u>MENDOCINO COUNTY</u>				
Vineyards - Anderson Valley	\$65,000 - \$100,000	Limited/Stable	N/A	N/A
Vineyards - Inland Mendocino	\$22,000 - \$40,000	Limited/Stable		
Plantable - Anderson Valley	\$25,000 - \$35,000	Limited/Stable	N/A	N/A
Plantable - Inland Mendocino	\$10,000 - \$15,000	Limited/Stable	N/A	N/A
<u>LAKE COUNTY</u>				
Vineyards - Resistant Rootstock	\$25,000 - \$50,000	Moderate/Stable	N/A	N/A
Plantable Land or Pears	\$10,000 - \$15,000	Limited/Stable	N/A	N/A
<u>HUMBOLDT COUNTY</u>				
Dairy Pasture	\$5,000 - \$8,000	Limited/Stable-Increasing	N/A	N/A
<u>DEL NORTE COUNTY</u>				
Dairy Pasture	\$4,000 - \$6,500	Limited / Stable-Increasing	N/A	N/A
Irrigated Cropland (Lily Bulbs)	\$7,500 - \$8,000	Limited / Stable-Increasing	N/A	N/A

North Coast Region

TIMBER PRODUCTION

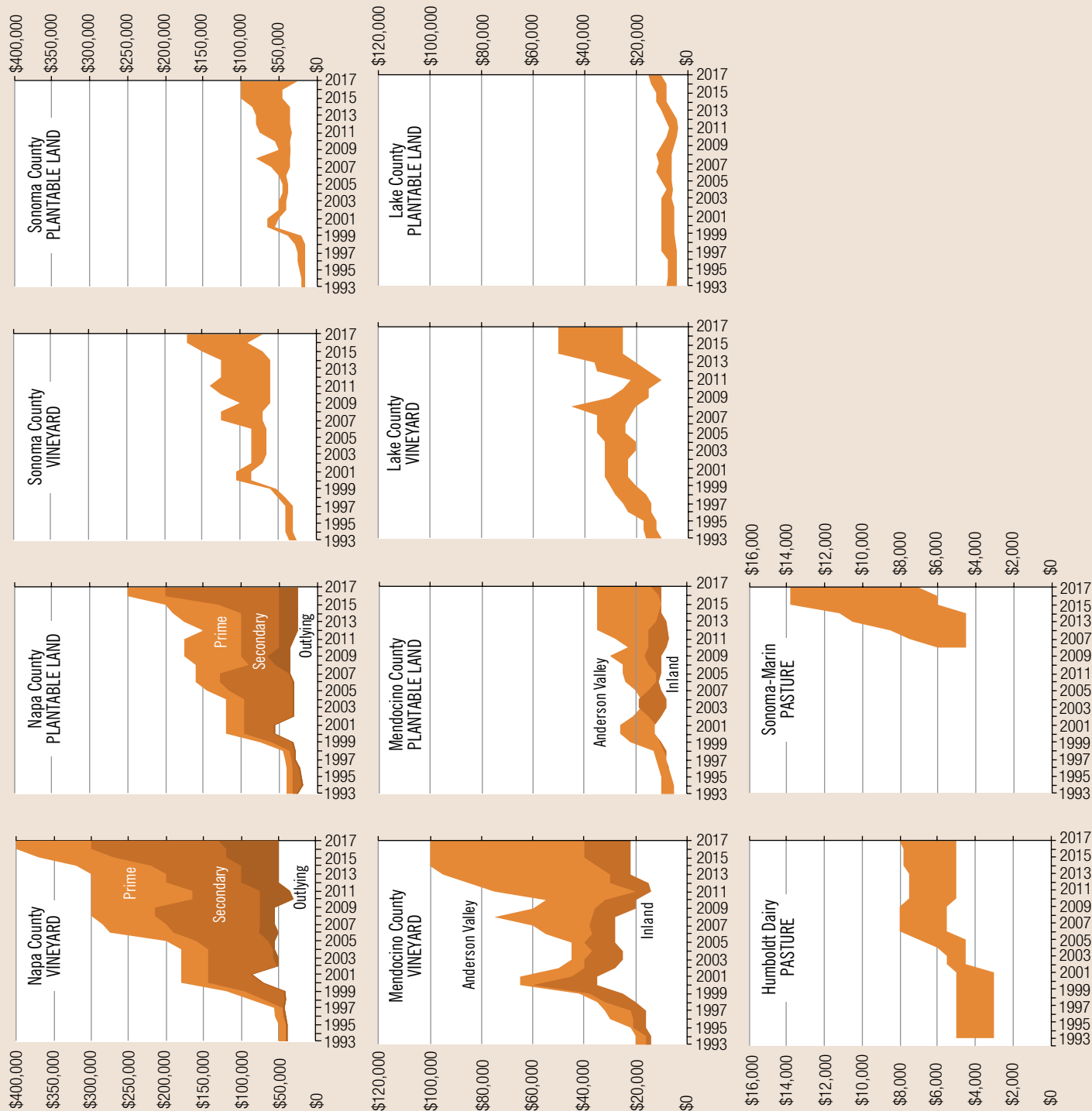
Timber production occurs in most of the counties (except for Napa) that comprise the North Coast Region. For Humboldt and Mendocino Counties it is a major contributor to the local economy.

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. Improvements in the housing market have led to increased demand and prices

for sawlogs. Demand for timberland, particularly redwood timberland, is strong with few properties available for sale. Increasing stumpage values should result in higher timberland values over time. Markets for smaller timberland parcels (160 acres and less) are primarily driven by marijuana growers.

HISTORICAL VALUE RANGE per acre

LAND USE	PRIME	SECONDARY	OUTLYING	PRIME	SECONDARY	OUTLYING
NAPA COUNTY VINEYARDS						
2017	\$300,000 - \$400,000	\$120,000 - \$300,000	\$50,000 - \$130,000	NAPA PLANTABLE		
				\$200,000 - \$250,000	\$50,000 - \$200,000	\$25,000 - \$50,000
2016	\$300,000 - \$400,000	\$120,000 - \$300,000	\$50,000 - \$120,000	\$200,000 - \$250,000	\$50,000 - \$200,000	\$25,000 - \$50,000
2015	\$250,000 - \$370,000	\$120,000 - \$270,000	\$50,000 - \$120,000	\$130,000 - \$200,000	\$50,000 - \$130,000	\$25,000 - \$50,000
2014	\$220,000 - \$320,000	\$100,000 - \$220,000	\$50,000 - \$100,000	\$100,000 - \$190,000	\$50,000 - \$100,000	\$25,000 - \$50,000
2013	\$200,000 - \$300,000	\$100,000 - \$200,000	\$50,000 - \$100,000	\$100,000 - \$175,000	\$50,000 - \$100,000	\$25,000 - \$50,000
2012	\$200,000 - \$300,000	\$100,000 - \$200,000	\$50,000 - \$100,000	\$100,000 - \$150,000	\$50,000 - \$100,000	\$25,000 - \$50,000
2011	\$225,000 - \$300,000	\$90,000 - \$165,000	\$35,000 - \$75,000	\$100,000 - \$175,000	\$50,000 - \$100,000	\$30,000 - \$50,000
LAND USE						
	PRIME	SECONDARY	OUTLYING			
NAPA HOME SITES						
2017	\$2,000,000 - \$5,000,000	\$300,000 - \$2,500,000	\$0 - \$350,000			
2016	\$2,000,000 - \$5,000,000	\$300,000 - \$2,500,000	\$0 - \$350,000			
2015	\$1,000,000 - \$5,000,000	\$250,000 - \$1,000,000	\$0 - \$350,000			
2014	\$1,000,000 - \$5,000,000	\$250,000 - \$1,000,000	\$0 - \$350,000			
2013	\$1,000,000 - \$5,000,000	\$250,000 - \$1,000,000	\$0 - \$350,000			
2012	\$1,000,000 - \$5,000,000	\$250,000 - \$1,000,000	\$0 - \$350,000			
2011	\$1,000,000 - \$3,000,000	\$250,000 - \$1,000,000	\$0 - \$350,000			
LAND USE						
	VINEYARD: RESISTANT ROOTSTOCK	PLANTABLE LAND (or Old Vines)	HOMESITE CONTRIBUTION	VINEYARD: RESISTANT ROOTSTOCK	PLANTABLE LAND (or Pears)	DAIRY PASTURE
SONOMA COUNTY						
				LAKE COUNTY	HUMBOLDT	SONOMA/MARIN
2017	\$70,000 - \$170,000	\$25,000 - \$100,000	\$0 - \$3,100,000	\$25,000 - \$50,000	\$10,000 - \$15,000	\$5,000 - \$8,000
2016	\$90,000 - \$170,000	\$45,000 - \$100,000	\$0 - \$3,100,000	\$25,000 - \$50,000	\$8,000 - \$14,000	\$5,000 - \$7,800
2015	\$70,000 - \$150,000	\$45,000 - \$100,000	\$0 - \$3,100,000	\$25,000 - \$50,000	\$8,000 - \$12,000	\$5,000 - \$7,800
2014	\$60,000 - \$125,000	\$35,000 - \$85,000	\$0 - \$3,100,000	\$25,000 - \$50,000	\$8,000 - \$12,000	\$5,000 - \$7,800
2013	\$60,000 - \$125,000	\$35,000 - \$80,000	\$0 - \$3,100,000	\$20,000 - \$36,000	\$6,000 - \$10,000	\$5,000 - \$7,500
2012	\$60,000 - \$125,000	\$35,000 - \$80,000	\$0 - \$3,100,000	\$15,000 - \$35,000	\$4,000 - \$8,500	\$5,000 - \$7,500
2011	\$60,000 - \$140,000	\$32,500 - \$75,000	\$0 - \$3,100,000	\$10,000 - \$22,000	\$3,500 - \$7,000	\$5,000 - \$7,500
LAND USE						
	VINEYARD: ANDERSON VALLEY	VINEYARD: INLAND MENDOCINO	PLANTABLE: ANDERSON VALLEY	PLANTABLE: INLAND MENDOCINO	DAIRY PASTURE	CROPLAND (Lily Bulbs)
MENDOCINO COUNTY						
				DEL NORTE		
2017	\$65,000 - \$100,000	\$22,000 - \$40,000	\$25,000 - \$35,000	\$10,000 - \$15,000	\$4,000 - \$6,500	\$7,500 - \$8,000
2016	\$65,000 - \$100,000	\$22,000 - \$40,000	\$25,000 - \$35,000	\$10,000 - \$15,000	\$3,500 - \$6,000	\$7,500 - \$8,000
2015	\$65,000 - \$100,000	\$22,000 - \$40,000	\$25,000 - \$35,000	\$10,000 - \$14,000	\$3,500 - \$6,000	\$7,500 - \$8,000
2014	\$65,000 - \$100,000	\$22,000 - \$35,000	\$25,000 - \$35,000	\$10,000 - \$14,000	\$3,500 - \$6,000	\$7,500 - \$8,000
2013	\$65,000 - \$95,000	\$22,000 - \$30,000	\$25,000 - \$35,000	\$8,000 - \$11,000	\$3,500 - \$6,000	\$7,500 - \$8,000
2012	\$65,000 - \$85,000	\$15,000 - \$30,000	\$25,000 - \$30,000	\$7,500 - \$10,000	\$3,500 - \$6,000	\$7,500 - \$8,000
2011	\$35,000 - \$55,000	\$12,000 - \$20,000	\$15,000 - \$28,000	\$7,000 - \$11,000		





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General Comments

For Region 3, 2017 was noted for its record-setting rainfall in the winter and spring and relatively stable commodity prices, which were much lower than those enjoyed in previous years. Land values remained mostly stable; however, sales activity in most parts of Region 3 slowed, compared to the past few years.

Drought-stricken California enjoyed an extremely wet winter and spring in 2017, which filled—and in some cases over-filled—local reservoirs. However, marginal rainfall through late 2017 has returned worries that water district allocations will be limited for the 2018 irrigation season. Although the publicized concern over water availability quieted, pending legislation still looms. The State's plan to take 40% of unimpaired flows from the Stanislaus, Tuolumne and Merced Rivers, with a strong potential to impact future deliveries from the historically strong east-side districts, has created some uncertainty in these markets and led to a slowdown in sale volume. As counties in

Region 3 create legislation in response to the State's groundwater sustainability plan (SGMA), some potential land uses have been eliminated, slowing demand for certain properties.

Very few dairy sales occurred in 2017 in Region 3 and primarily consist of small facilities with a small land base. While some dairy facilities were purchased for continued use as a dairy, the majority were either purchased for their land, utilized as a heifer feedlot or converted to a goat dairy. The market is expected to remain stable in 2018 for larger, modern dairy facilities.

ALMONDS

Region 3 accounts for 32% of California's almond acreage at approximately 267,700 acres. Almonds remain the most profitable commodity in Stanislaus and San Joaquin Counties and the second most profitable commodity in Merced County. California's estimated almond production in 2017 was 2.2 billion pounds and, with approximately 10% of the state's acreage still non-bearing, the industry estimates that it will have to market a 3-billion-pound crop in five years.

With very little rainfall experienced through Fall 2017, growers are concerned that the supply of water for the 2018 crop will be limited.

Almond commodity prices remained stable in 2017 with a slight increase toward the end of the year; however, the prices are much lower than those experienced prior to 2015. The price

correction allowed the market to settle into a new normal and, in 2017, the market became more sensitive to orchard quality as average and good-quality orchards remained profitable, but below average to poor-quality orchards became unprofitable. Lower-quality orchards were purchased for redevelopment or at a deep discount, responsive to low production. The upper end range for almond sales is defined by young and productive orchards with reliable irrigation sources, while the lower end of the range is defined by low-quality orchards in federal water districts.

While orchards are typically owner-operated in the region, leasing is still common for smaller orchards owned by elderly or non-farmer rural residents, and increasingly common for larger tracts developed in the eastern pasture areas. Leases vary widely in structure, but for smaller in-district properties they

typically fall between 18% and 30% of gross income to the landlord, with the tenant responsible for all development costs at the low end of the range and the landlord paying all development costs at the high end of the range. Leases typically run for 20-30 years. For larger tracts in the eastern part of the region, lease rates range from 8% to 20% of gross income to the landlord, as a water source must typically be developed. Tenants bear this cost at the low to mid points of the range, 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.

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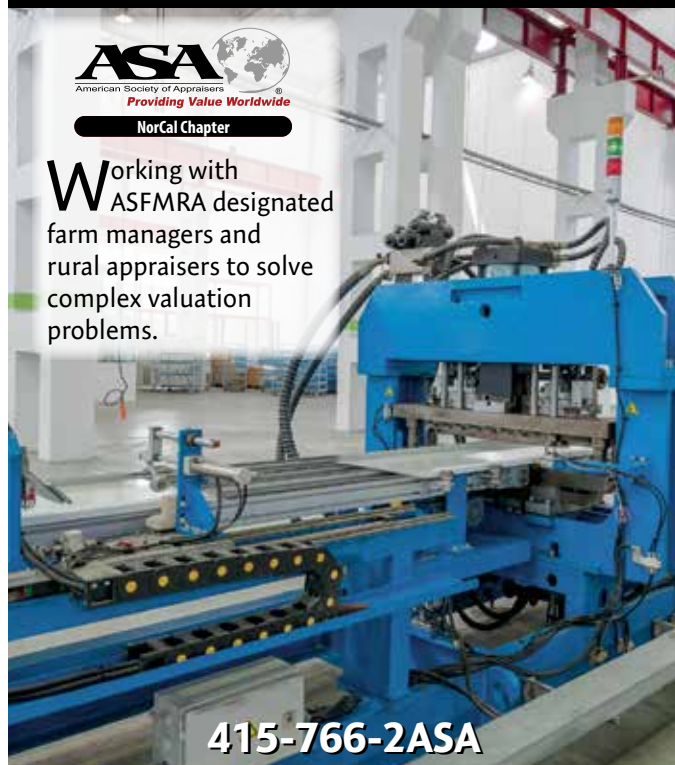
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WALNUTS

Like almonds, walnut commodity prices remained stable in 2017 and this supported stable orchard values throughout the year. Sale activity decreased compared to the prior year. Very few sales of walnut orchards occurred in 2017 with the majority of sales being low-quality orchards being sold for re-development. Walnuts continue to be a popular crop diversification choice for area growers, as sales reflect mixed plantings of almond and walnut acreage.

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 similar to in-district almond leases.

CHERRIES

As with much of the more perishable and labor-intensive tree fruit in Region 3, cherries can be very profitable for those who are willing to undertake the risks required to grow them. After several years of rain-damaged crops, 2017 was a much-needed year of relief for most cherry farmers. For the 2017 harvest season, yields were high, prices held

stable through most of the harvest and labor was available. One known cherry sale occurred in 2017, which supported stable values, well above the value of open ground. The market for these orchards is stable due to demand from established growers willing to expand. The primary cherry-growing areas in Region 3 are in San Joaquin and Contra Costa Counties.

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WINE GRAPES

Due to extremes in weather patterns, the 2017 grape growing season was one of the more challenging years in recent memory. Many areas dealt with flooding of vineyards in late winter to early spring, making it difficult to get equipment into vineyards to carry out necessary cultural practices. The transition into summer came with a series of heat waves of 100-plus degrees throughout the summer months, causing problems with achieving optimum sugar levels and shriveling of bunches during a delayed harvest season. Overall, the crop size is considered average to slightly below average and well below 2016 levels. However, the 2017 vintage is expected to be of good quality. With

the slightly smaller crop size, wineries will be better able to make further reductions in the large carryovers from previous years and help keep supply and demand strong. A growing trend in the Lodi area is the removal of older, head-trained varieties such as Old Vine Zinfandel. The increasing cost of hand-labor to harvest this varietal is causing this to potentially be a non-economically viable crop for the region, long known as the Zinfandel capital of California.

The wine grape vineyard category includes various California Grape Pricing Districts, which include District 6 (Contra Costa County), District 10 (Amador, El Dorado & Calaveras Counties), and District 11 (southern Sacramento County and northern San

Joaquin County). There were no known sales in Districts 6 and 10, but continued profitability in these districts have led to a stable vineyard market. The primary grape-growing area of District 10 lies within the Shenandoah Valley of Amador County and the southern El Dorado County area, with wineries also concentrated in Murphys (Calaveras County) and Apple Hill (El Dorado County). District 11, which includes the Lodi area, experienced moderate sales activity primarily of smaller 30 to 60-acre vineyards, reflecting continued consolidation. There was strong demand for commercial wine grape vineyards as well, with moderate sales activity and stable prices.

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RANGELAND

Sale activity for rangeland was limited in 2017, but shows a stable trend. Traditionally, values for rangeland suitable for grazing in the south and west portions of the region define the low end of the range, while rangeland in the north and east portions of the region (with higher rainfall and better access to populated areas) define the high end of the range. Size and the presence of conservation easements also influence value, with smaller, unencumbered parcels defining the high end and larger, encumbered parcels defining the low end of the range. Smaller parcels purchased primarily for home sites were not included in the indicated range.

For Stanislaus and Merced Counties, pressure to purchase property for permanent planting development on lower-elevation rangeland in the eastern portions of the counties has ceased, due to new local regulations and in response to SGMA. Both counties passed groundwater ordinances during the height of the recent drought that prohibit permits for new wells on land with no surface water rights to replenish the aquifer. 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. However, no regulations have yet been adopted for San Joaquin County. Although sale activity was limited for this category in 2017, former rangeland is still being purchased east of Acampo for vineyard development, and some sales near Clements and east of Linden have occurred for almond or walnut development. 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, steep topography.

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CROPLAND

In the north portion of Region 3, cropland is separated into three geographical submarkets. The lower end of the range is defined by Delta Land (islands and bordering cropland) that has limited permanent planting adaptability, while the high end is defined by cropland on highly productive soils in the central areas adaptable to high-value plantings such as almonds, walnuts, wine grapes and cherries. Cropland in the Delta area continued to gain demand for growers looking for a lower-cost alternative for land adaptable to growing permanent plantings with strong water rights. Values on land in the Delta slightly increased from the prior year. The Lodi region cropland remained stable, reflecting its wine grape influence, with less cropland selling and less speculation along the margins of the area, which brought up the lower end of the value range. The Northern San Joaquin County cropland category stabilized in value as buyers recognized greater risk in areas outside

of strong irrigation districts, despite good groundwater resources available.

In the central and southern portions of Region 3, cropland is divided by water source. Land located in districts with the strongest water rights, lowest water costs and best delivery histories (east side districts) commanded the highest price. Cropland in non-federal west side districts (Exchange Contractors) define the middle of the range, as this land received full water deliveries at relatively inexpensive prices, most with sufficient supplemental groundwater availability. Land in federal west side districts were given 100% of their full water allocation in 2017, after receiving 5% in 2016 and 0% in 2015 and 2014. Farmers predict that a 100% allocation may never happen again and typically, these properties are supplemented by deep wells in order to provide an adequate source of irrigation water. There was a spike in demand in 2017, mainly in Del Puerto Water District, for properties which were primarily purchased by expanding

farmers with nearby land holdings and means to convey well water to these properties.

Although most annual irrigated cropland leases in Region 3 range from \$150 to \$500 per acre, annual leases for sweet potatoes in the sandy soil areas of northern Merced Irrigation District and a small portion of southern Turlock Irrigation District can range up to \$700 to \$1,000 per acre due to strong competition. Similarly, land within South San Joaquin Irrigation District can show annual lease rates up to \$600 to \$1,000 per acre, where tenants seeking land suitable for strawberry plants and other specialty truck crops compete with the area's almond farmers. As the normal cycle of almond orchard redevelopment returns, it is expected that the supply of land available for rent in this area will increase, resulting in a softening of this rental market. However, no such trends have yet been observed.



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DAIRY

Overall, the market for dairy facilities in 2017 remained stable in Region 3 with limited sale activity. Most of the U.S. and international markets saw increased milk supplies in 2017, except California, which saw milk production down nearly 2% after a long, hot summer. Although milk prices were up 11% per cwt on average, near breakeven levels, it was not enough to make 2017 a profitable year. Successful dairies continue to trend toward efficient, well managed, and diversified operations. Those with quota and enough land base to grow their own feed are found to better-withstand pricing

volatility, while low end producers continue to grapple with debt accumulated from 2009.

Region 3 had fewer herd dispersals in 2017 as most dairy facilities that sold were either already vacant or being purchased for continued operation as a dairy or heifer feedlot. All of the dairy sales in 2017 were in Stanislaus and Merced Counties, and consisted of smaller facilities between 300± and 700± milk cows with 25 to 213 acres of land. Region 3's dairy sales in 2017 fell into three categories: (1) nearly 50% were purchased to either develop to permanent plantings or grow forage crops; (2) around one-third

were purchased to continue as dairies, at least in the interim; and (3) approximately 20% were purchased to raise heifers or convert to a goat dairy.

Dairymen faced less competition from permanent planting developers in 2017, due to softened nut prices; yet, land values remained stable. Larger dairies in the region remain stable and continue to drive their own profitability by consolidating smaller dairies. Current trends are expected to continue if not worsen at least through the first quarter of 2018 due to lower milk prices.

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VALUES: LAND AND LEASE

LAND USE	VALUE PER ACRE	ACTIVITY / TREND	RENT RANGE	ACTIVITY / TREND
Almonds	\$20,000 - \$40,000	Moderate/Stable	18% - 30%	Limited/Stable
Walnuts	\$20,000 - \$35,000	Limited/Stable	20% - 30%	Limited/Stable
Cherries	\$28,000 - \$36,000	Limited/Stable	25% - 30%	Very Limited/Stable
Wine Grapes: Districts 6, 10 & 11	\$24,000 - \$42,000	Limited/Stable	15% - 35%	Moderate/Stable
Rangeland: Permanent Planting Potential	\$8,400 - \$15,000	Very Limited/Stable	N/A - N/A	N/A
Rangeland: Grazing Only	\$600 - \$3,000	Limited/Stable	\$10 - \$35	Limited/Stable

CROPLAND NORTH: NORTH SAN JOAQUIN, CONTRA COSTA & SACRAMENTO COUNTIES

N. San Joaquin Co (Well Water, SEWD, CSJWCD)	\$11,500 - \$22,000	Limited/Stable	\$300 - \$400	Very Limited/Stable
Lodi Region (Well Water and Woodbridge ID)	\$18,000 - \$24,000	Limited/Stable	\$350 - \$450	Very Limited/Stable
Delta (Various Small Districts and Well Water)	\$8,500 - \$18,000	Moderate/Increasing	\$250 - \$400	Limited/Stable

CROPLAND CENTRAL: SOUTH SAN JOAQUIN & STANISLAUS COUNTIES

Eastside Districts (SSJID, OID, MID, TID)	\$22,000 - \$32,000	Moderate/Stable	\$250 - \$1,000	Moderate/Stable
West Side Non-Federal Districts (incl. Gustine)	\$20,000 - \$26,000	Limited/Stable	\$300 - \$400	Moderate/Stable
Federal Districts and Well Water	\$10,000 - \$18,000	Limited/Stable	\$150 - \$300	Moderate/Stable

CROPLAND SOUTH: MERCED COUNTY

Merced ID	\$14,000 - \$30,000	Moderate/Stable	\$200 - \$1,000	Moderate/Stable
Well Water, Westside Non-Fed, Class II MID/CWD	\$12,000 - \$20,000	Limited/Stable	\$200 - \$400	Moderate/Stable
West Side, Federal District and Well	\$5,000 - \$10,000	Limited/Stable	\$125 - \$200	Moderate/Stable

DAIRIES

Dairies (per lactating cow - without underlying land)	\$1,100 - \$2,400	Very Limited/Stable	\$12 - \$18	Limited/Stable
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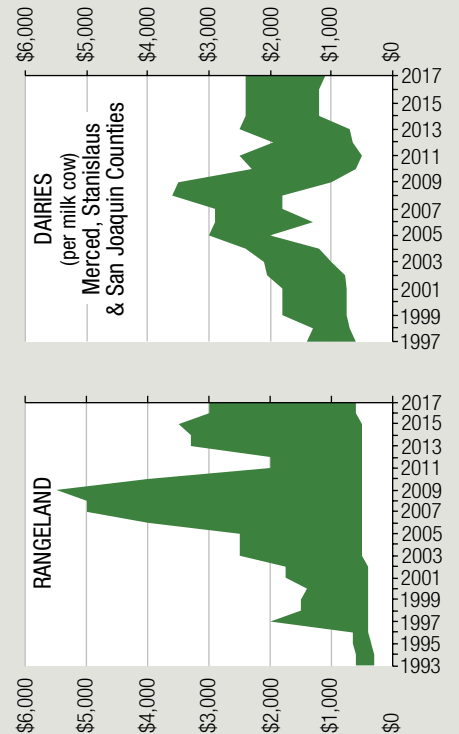
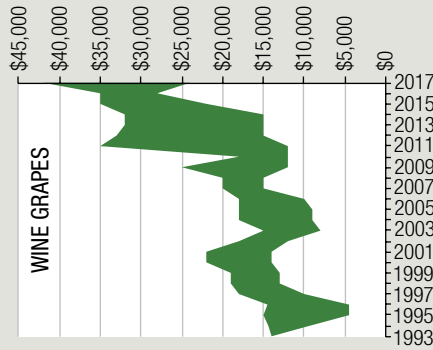
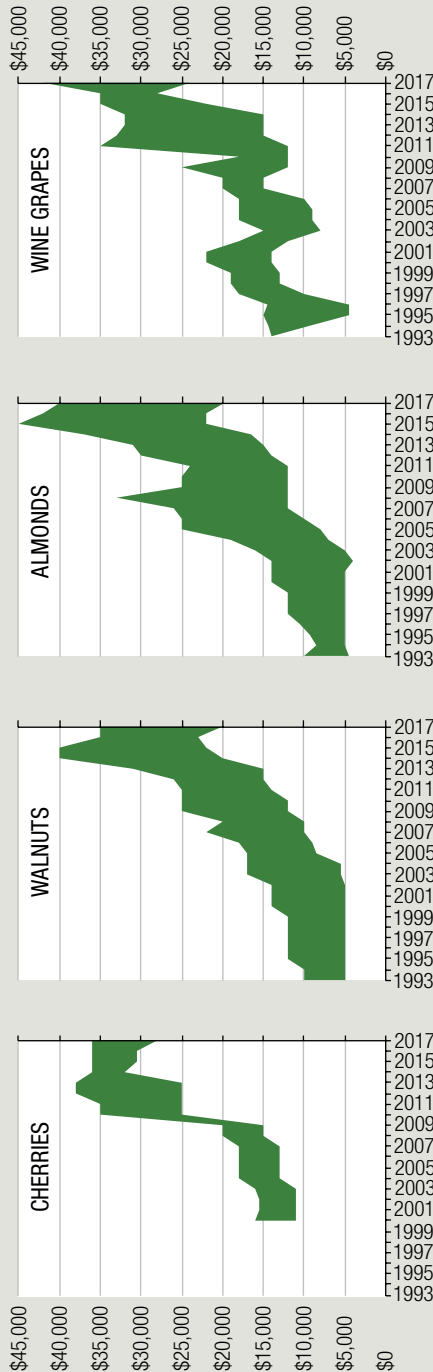
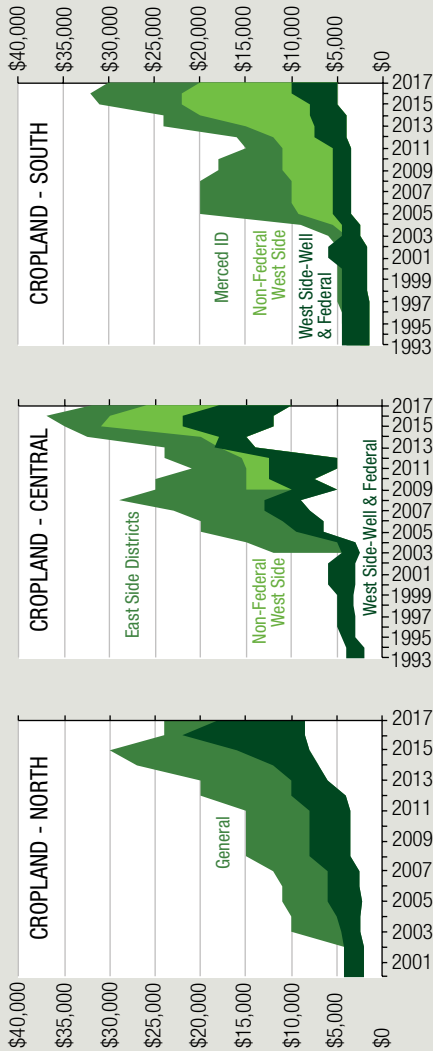
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HISTORICAL VALUE RANGE per acre

LAND USE	ALMONDS	RANGE/LAND	WALNUTS	WINE GRAPES	CHERRIES
SAN JOAQUIN, STANISLAUS & MERCED COUNTIES					
2017	\$20,000 - \$40,000	\$600 - \$3,000	\$20,000 - \$35,000	\$24,000 - \$42,000	\$28,000 - \$36,000
2016	\$22,000 - \$42,000	\$600 - \$3,000	\$23,000 - \$35,000	\$28,000 - \$35,000	\$30,500 - \$36,000
2015	\$22,000 - \$45,000	\$500 - \$3,500	\$22,000 - \$40,000	\$22,000 - \$35,000	\$30,500 - \$36,000
2014	\$16,500 - \$37,000	\$500 - \$3,300	\$20,000 - \$40,000	\$15,000 - \$32,000	\$32,000 - \$36,000
2013	\$15,000 - \$31,000	\$500 - \$3,300	\$15,000 - \$31,000	\$15,000 - \$32,000	\$25,000 - \$38,000
2012	\$14,000 - \$30,000	\$500 - \$2,000	\$15,000 - \$26,000	\$15,000 - \$33,000	\$25,000 - \$38,000
2011	\$12,000 - \$24,000	\$500 - \$2,000	\$14,000 - \$25,000	\$12,000 - \$35,000	\$25,000 - \$35,000
LAND USE	N. SAN JOAQUIN CO. (SEWD, CSWCD & WELL H2O)	LODI REGION (Woodbridge ID & WELL H2O)	DELTA LANDS (Small Districts & Well H2O)		
CROPLAND: NORTH					
2017	\$11,500 - \$22,000	\$18,000 - \$24,000	\$8,500 - \$18,000		
2016	\$13,000 - \$24,000	\$18,000 - \$24,000	\$8,500 - \$22,000		
2015	\$17,000 - \$30,000	\$13,000 - \$24,000	\$8,000 - \$16,000		
2014	\$15,000 - \$27,000	\$10,500 - \$17,500	\$7,000 - \$12,000		
2013	\$10,000 - \$20,000	\$11,000 - \$15,000	\$6,000 - \$10,000		
2012	\$10,000 - \$20,000	\$11,000 - \$15,000	\$4,000 - \$10,000		
2011	\$8,000 - \$15,000	\$11,000 - \$15,000	\$3,500 - \$ 8,000		
LAND USE	EAST SIDE DISTRICTS (SSJID, OJD, MID, TID)	WESTSIDE NON-FEDERAL DISTRICTS (Includes Gushine)	FEDERAL DISTRICTS & WELL WATER		
CROPLAND: CENTRAL					
2017	\$22,000 - \$32,000	\$20,000 - \$26,000	\$10,000 - \$18,000		
2016	\$22,000 - \$37,000	\$20,000 - \$30,000	\$10,000 - \$22,000		
2015	\$22,000 - \$35,000	\$20,000 - \$31,000	\$12,000 - \$22,000		
2014	\$17,000 - \$32,500	\$15,000 - \$20,000	\$15,000 - \$18,000		
2013	\$14,000 - \$24,000	\$15,000 - \$18,000	\$15,000 - \$18,500		
2012	\$10,000 - \$24,000	\$13,000 - \$15,500	\$5,000 - \$12,500		
2011	\$10,000 - \$21,000	\$10,000 - \$15,000	\$5,000 - \$12,500		
LAND USE	MERCED ID	WELL WATER, WESTSIDE NON-FEDERAL, CLASS II MID & CWD	WESTSIDE, FEDERAL DISTRICTS & WELL	DAIRIES per Milk Cow with Equipment	
CROPLAND: SOUTH					
2017	\$14,000 - \$30,000	\$12,000 - \$20,000	\$5,000 - \$10,000	MERCED, STANISLAUS & SAN JOAQUIN CO. \$1,100 - \$2,400	
2016	\$15,000 - \$32,000	\$12,000 - \$22,000	\$5,000 - \$10,000	\$1,200 - \$2,400	
2015	\$17,000 - \$31,000	\$14,000 - \$22,000	\$5,000 - \$8,000	\$1,200 - \$2,400	
2014	\$12,000 - \$24,000	\$10,000 - \$20,000	\$4,000 - \$8,000	\$1,200 - \$2,400	
2013	\$8,000 - \$24,000	\$7,000 - \$15,000	\$4,000 - \$7,500	\$700 - \$2,500	
2012	\$8,000 - \$16,000	\$7,000 - \$12,000	\$4,000 - \$7,500	\$650 - \$1,950	
2011	\$8,000 - \$15,000	\$5,000 - \$11,000	\$3,500 - \$5,500	\$500 - \$2,500	
2010	\$10,000 - \$18,000	\$5,000 - \$11,000	\$3,500 - \$5,500	\$600 - \$2,300	



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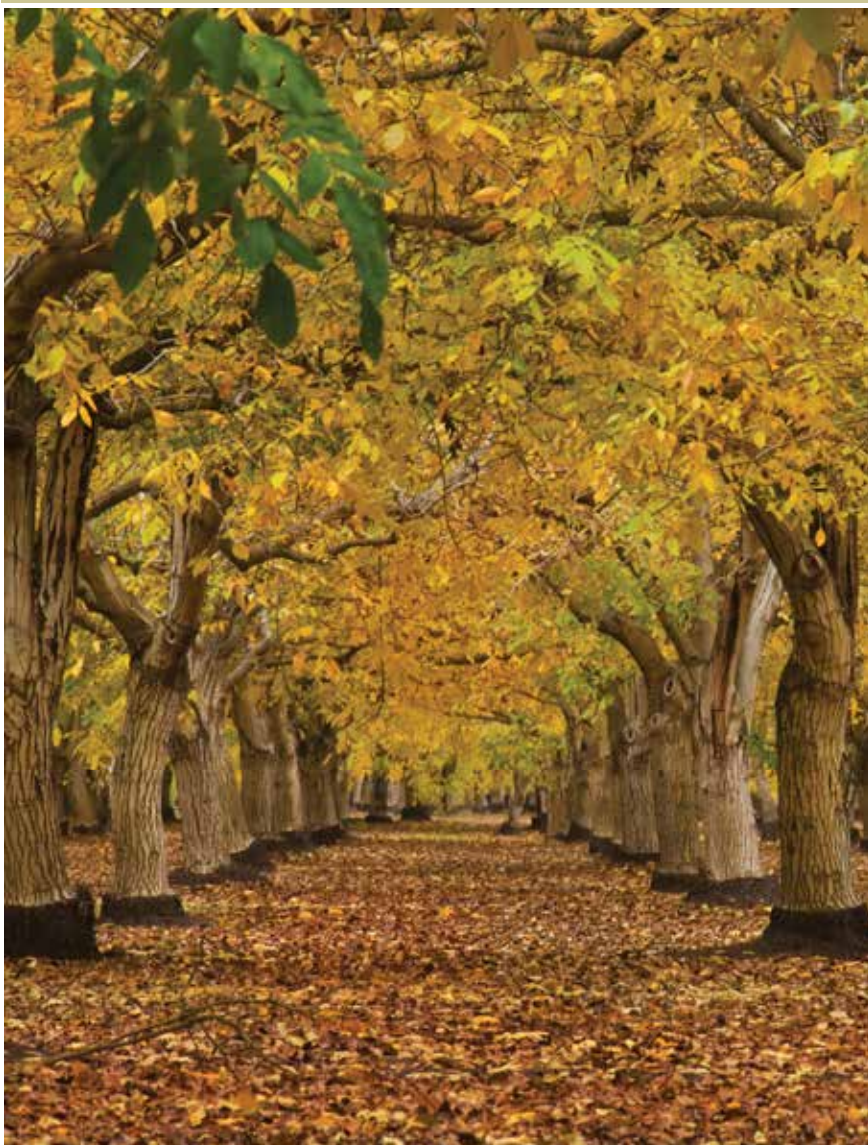
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General Comments

Demand for agricultural properties in Region 4 continued to decline in 2017 correlating with softening commodity prices. The region experienced several years of increasing value trends through the beginning of 2016; however, the overall trend for 2017 is described as slightly declining. Sale data for open land and permanent plantings are generally moderate to very limited throughout Fresno and Madera Counties, with a decrease in inventory, extended marketing periods and some languishing properties noted. Stronger water areas with reliable and inexpensive surface water deliveries supplemented by pumps and wells enjoy the strongest demand, with active buyers. Federal water districts and properties without a district water supply have experienced the sharpest decline in values with significant water concerns associated with the Sustainable Groundwater Management Act.

Sale activity for dairy facilities continued to be very limited in 2017 with very few known sales within Region 4. Although milk prices continued to be low in 2017, value trends for dairy facilities throughout the Central Valley remained stable in 2017 as a result of interest in the underlying land from permanent planting growers.

TREE NUT ORCHARDS

Sale activity among tree nut orchards was moderate to limited in 2017. The decline in commodity prices witnessed in 2016 resulted in a decline in land values, with stabilization achieved in 2017. West side almond sales located in the federal districts indicate substantially softer values as compared to East side properties. The low end of the value range represents these west side transactions, with prices ranging from \$11,000 per acre to \$17,500 per acre for mature almond orchards. The soft prices are a direct reflection of the water conditions on the west side and the inability to apply marginal ground water without blending. The bottom of the west side range reflects orchards lacking supplemental water sources. East side sales indicate stronger pricing, with 2017 transactions stabilizing between \$22,000 and \$37,000 per acre for almond orchards in Fresno and Madera Counties. These values generally parallel nut orchard values seen in other areas of the central San Joaquin Valley. The low end of the value ranges are representative of old orchards in fair to poor condition and/or orchards that have arrived at the end of their economic lives. Young, good quality orchards with reliable water sources represent the top of the reported value range.

Activity for pistachio orchards continued to be limited in 2017, but supports a relatively stable value trend; the pistachio market did not experience the sharp decline noted in the almond market in 2016. The range of values for pistachios is \$17,000 to \$36,000, with distinct differences paid for immature versus mature orchards. West side pistachio developments have not declined as significantly as almonds, primarily due to the pistachio's tolerance of marginal water quality. The low end of the range in Madera County is reflective of older orchards planted on non-resistant rootstocks, with the most recent transactions indicating a continuing decline in values as compared to early 2016. Very high water costs are also associated with these older pistachio blocks in Madera County. A sizable number of these older orchards remain in Madera County but few exist in Fresno County.

There continue to be a high number of new almond and pistachio orchard developments planted throughout Fresno and Madera Counties, as well as throughout the central San Joaquin Valley.

TREE FRUIT ORCHARDS

Although the sale activity among tree fruit orchards was very limited in Fresno County in 2017, the overall value trend is stable. Most tree fruit orchard properties consist of numerous fruit varieties, some of which are in favor with packers/consumers and others that are not. As such, the demand for tree fruit has historically been influenced more by location and general land characteristics, rather than orchard quality. The 2017 crop year was profitable for most growers due to strong commodity prices. The low end of the value range typically represents orchards whose tree fruit varieties are not in high demand or are located in secondary tree fruit markets. In most markets, the low end of the range tends to parallel open land value as buyers typically redevelop the orchards to new tree fruit varieties or other permanent plantings.

The tree fruit industry has been consolidated into the control of a few large entities. Many smaller operations have sold their orchards to these larger, vertically integrated entities.

CITRUS

Sales of citrus groves in Fresno County remained limited in 2017; however, the value trend is stable. Strongest demand is noted for specialty citrus crops including Mandarins, Clementines and/or Blood varieties. A significant increase in mandarin acreage has been noted over the past several years. Navels and lemon varieties have also experienced an increase in bearing acreage with declines noted in Valencias. The low end of the range is characteristic of older groves with inferior varieties, indicating values generally consistent with open land values. Most buyers of these older groves will continue to farm them for the short term and redevelop the land to newer, more desirable citrus varieties in the near future.

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VINEYARDS

Activity among raisin, table, and wine grape vineyards was very limited to strong in 2017, depending on vineyard type. The majority of the activity involved traditional raisin producing vineyards in Fresno and Madera Counties. Strong activity occurred in Fresno County and limited activity occurred in Madera County; however, many of these vineyards were purchased with the intention of removing the vineyard and redeveloping the land to an alternate permanent planting. The value trend for raisin grape vineyards is generally stable with a reported range of \$20,000 to \$30,000 per acre. The middle to high end of the value range is representative of vineyards with average to above average production. Vineyards with below average production represent the lower end of the value range, which is typically consistent with open land values. Buyer motivation for raisin grape vineyards is often for redevelopment to nut crops.



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Wine grape vineyard sale activity continued to be very limited in 2017 with an overall slightly decreasing value trend. The data available suggests a trend similar to the raisin industry with the demand for land in general being the primary force. Commodity prices for wine grape varieties continue to be soft with many growers struggling to find good prices or buyers for un-contracted vineyards.

Table grape vineyard sales were also extremely limited in 2017, with the data suggesting a range from \$20,000 to \$30,000 per acre. The value trend is consistent with raisin and wine grape vineyards, with little market support available in Fresno and Madera Counties.

CROPLAND

The sale activity for cropland in all markets in Fresno and Madera counties ranged from moderate to very limited, with stable to slightly decreasing value trends observed. In the USBR markets of the westside of Fresno County, a slight decline was noted, with the overall range reported between \$4,000 per acre and \$9,000 per acre. Open land lacking a supplemental water source and/or poor soils and drainage conditions reflect the lower end of the range, while those properties with supplemental wells, good quality soils and favorable drainage conditions are reflective of the upper end of the range. Sale activity was driven by buyers who intend to develop the properties to permanent plantings, mostly pistachio and almond orchards.

Activity in the Exchange Contractor districts of Western Fresno and Madera Counties was very limited in 2017; but the few data points suggested a stable value trend. Land in these markets tends

to be tightly held by multi-generational farming families who recognize the benefit of the reliable and inexpensive water supplies these districts enjoy. Buyers in these markets tend to be neighboring land owners who would like to expand their operations. The Exchange Contractor districts provide water stability lacking in the USBR districts; however, extended market periods have been noted in these districts.

Sale activity of Fresno County cropland with surface water delivery was moderate in 2017, with a stable value trend. The range of values observed is wide, from \$11,000 to \$28,000 per acre. The low end of the range is represented by cropland properties toward the west end of the county, where soil and drainage conditions are less desirable, especially as they relate to permanent planting development. The high end of the range is seen in markets where competition among buyers is higher and soil, water, and drainage conditions are good.

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Large blocks of irrigated field cropland with both surface water deliveries and good-quality well water are still in fairly high demand with competing buyers. In general, the market stabilized in 2017, similar to most permanent planting markets in Region 4.

Activity for cropland with well water as its sole water supply was limited in 2017, with a slightly declining range of values from \$8,000 to \$22,000 per acre. Like other markets, values are dictated by soil conditions and water supplies. 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 limited in 2017, with a slightly declining trend noted. 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. Cropland sale activity outside of the districts was even more limited, but suggests a similar slightly declining trend due to long-term water reliability concerns.

District water deliveries on the east side of Fresno and Madera Counties are becoming more vital due to the pending Sustainable Groundwater Management Act. Properties with two sources of water have experienced the greatest demand and strongest values in 2017. This trend is expected to continue as the Sustainable Groundwater Management Act takes effect in 2020.

RANGELAND

Market activity for rangeland properties in the westside and eastside markets of Fresno County and the eastern Madera County market remained very limited in 2017 with very few current transactions. Market demand and values appear to have diminished slightly for eastside properties, with the range reported between \$750 and \$2,500 per acre. The high end of the range in the eastside market is reflective of smaller parcels suitable for rural home sites. There are no known sales on the westside; however, the overall value trend is considered to be stable.



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DAIRY INDUSTRY

Sale activity for dairy facilities continued to be very limited in 2017 with very few known sales within Region 4. Milk prices remained soft in 2017 due to declining global demand which reduced overall producer returns to California milk producers. Although milk prices continued to be low in 2017, value trends for dairy facilities throughout the Central Valley remained stable in 2017 as a result of interest in the underlying land from permanent planting growers. Most sales of smaller facilities in the valley continue to be purchased mainly for the underlying land. The facilities on these dairies were either abandoned

or removed after the close of escrow. Larger dairies continue to be purchased primarily by dairymen; however, a couple of sales involving modern dairies with sizeable acreage were purchased by permanent planting developers.

There were a number of dairies liquidated over the last few years, with the older and less efficient units being impacted the most. This was primarily a result of an extended period of low prices paid to dairy producers, higher costs for feed, and restrictive environmental regulations. The dairy market has trended to larger operations with milking capacities in excess of 1,000 head with full dairy heifer replacement capacity,

combined with sizeable amounts of associated open row and field cropland for waste management and feed production. Premium prices have historically been paid for those facilities in the 1,000 to 3,000 milking head range, as this size of facility appears to have the greatest market demand for buyers in the marketplace with the financial ability to purchase a facility of this size. Amount of support land is also another primary factor affecting dairy values, as a considerable amount of support land is needed in order to grow forage crops and accommodate waste management.

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VALUES: LAND AND LEASE

LAND USE	VALUE PER ACRE	ACTIVITY / TREND	RENT RANGE	ACTIVITY / TREND
<u>PERMANENT PLANTINGS</u>				
Almonds - Eastside	\$22,000 - \$37,000	Moderate/Stable	25% - 35%	Limited/Stable
Almonds - Westside	\$11,000 - \$17,500	Limited/Stable	25% - 35%	Limited/Stable
Pistachios	\$17,000 - \$36,000	Limited/Stable	25% - 30%	Limited/Stable
Tree Fruit	\$18,000 - \$30,000	Very Limited/Stable	\$750 - \$1,250	Limited/Stable
Citrus	\$17,000 - \$32,000	Limited/Stable	\$500 - \$1,000	Limited/Stable
Raisin Grapes	\$20,000 - \$30,000	Strong/Stable	20% - 25%	Limited/Declining
Table Grapes	\$20,000 - \$30,000	Very Limited/Stable	N/A	Limited/Stable
Wine Grapes	\$20,000 - \$28,000	Very Limited/SI. Decreasing	20% - 25%	Limited/Declining
<u>CROPLAND</u>				
Fresno County: USBR-West	\$4,000 - \$9,000	Moderate/SI. Decreasing	\$175 - \$250	Moderate/Stable
Fresno County: Exchange Contractors	\$10,000 - \$18,000	Very Limited/Stable	\$250 - \$450	Moderate/Stable
Fresno County: Districts	\$11,000 - \$28,000	Moderate/Stable	\$200 - \$400	Moderate/Stable
Fresno County: Well Water	\$8,000 - \$22,000	Limited/SI. Decreasing	\$200 - \$400	Moderate/Stable
Madera County: Districts	\$16,000 - \$20,000	Limited/SI. Decreasing	\$200 - \$350	Moderate/Stable
Madera County: Well Water	\$9,500 - \$16,000	Limited/SI. Decreasing	\$200 - \$350	Moderate/Stable
<u>RANGELAND</u>				
Westside	\$250 - \$750	None/Stable	\$5 - \$15	Moderate/Stable
Eastside	\$750 - \$2,500	Very Limited/SI. Decreasing	\$12 - \$30	Moderate/Increasing
<u>DAIRIES (FRESNO & MADERA COUNTIES)</u>				
Newer (per lactating cow - without underlying land)	\$1,400 - \$2,400	Very Limited/Stable	\$10 - \$20	Limited/Declining
Older (per lactating cow - without underlying land)	\$700 - \$1,400	Very Limited/Stable	\$5 - \$15	Limited/Declining



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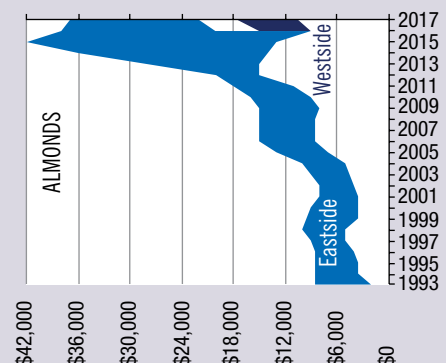
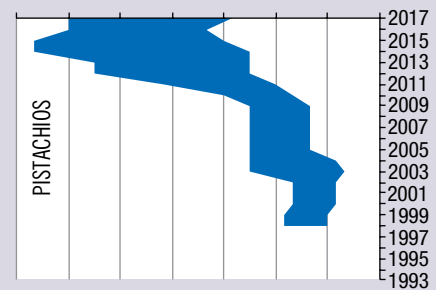
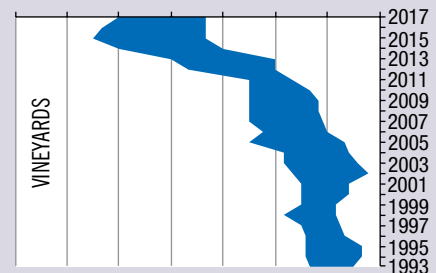
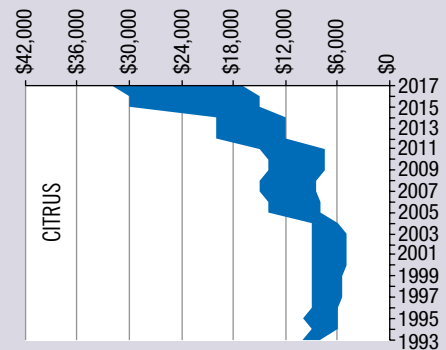
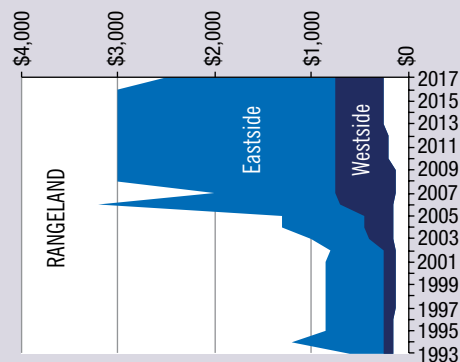
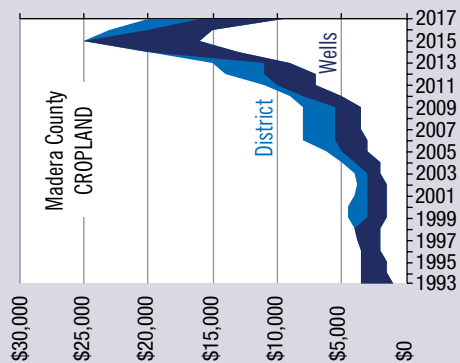
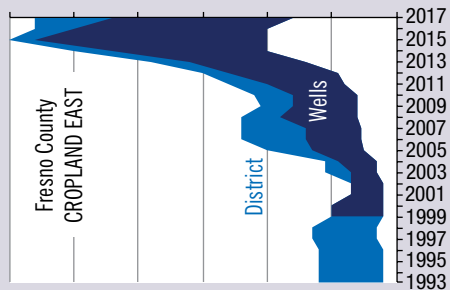
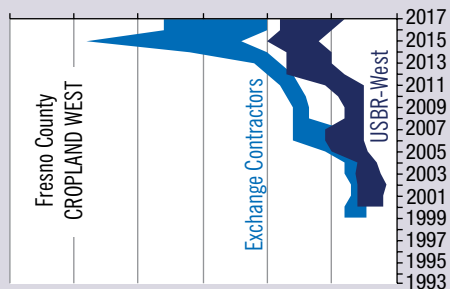
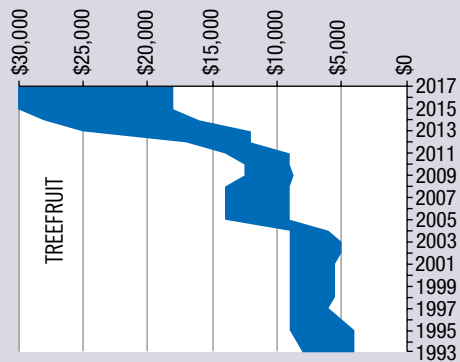
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HISTORICAL VALUE RANGE per acre

LAND USE	ALMONDS	PISTACHIOS	TREE FRUIT	CITRUS	RAISIN GRAPES	TABLE GRAPES	WINE GRAPES
FRESNO & MADERA COUNTIES							
2017	\$11,000 - \$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 - \$38,000	\$20,000 - \$36,000	\$18,000 - \$30,000	\$15,000 - \$30,000	\$20,000 - \$32,000	\$20,000 - \$32,000	\$20,000 - \$32,000
2015	\$13,000 - \$42,000	\$18,000 - \$40,000	\$18,000 - \$30,000	\$15,000 - \$30,000	\$20,000 - \$33,000	\$20,000 - \$30,000	\$20,000 - \$30,000
2014	\$14,000 - \$36,000	\$15,000 - \$40,000	\$16,000 - \$28,000	\$12,000 - \$20,000	\$18,000 - \$30,000	\$18,000 - \$25,000	\$18,000 - \$28,000
2013	\$15,000 - \$28,000	\$15,000 - \$33,000	\$12,000 - \$25,000	\$12,000 - \$20,000	\$12,000 - \$23,000	\$12,000 - \$20,000	\$13,000 - \$24,000
2012	\$15,000 - \$20,000	\$15,000 - \$33,000	\$12,000 - \$17,000	\$12,000 - \$20,000	\$12,000 - \$18,000	\$12,000 - \$19,000	\$13,000 - \$22,000
2011	\$11,000 - \$18,000	\$12,000 - \$25,000	\$9,000 - \$14,000	\$7,500 - \$15,000	\$10,000 - \$15,000	\$10,000 - \$15,000	\$10,000 - \$14,000
RANGELAND (FRESNO & MADERA COUNTIES)							
FRESNO COUNTY							
2017	\$4,000 - \$9,000	\$10,000 - \$18,000	\$11,000 - \$28,000	\$8,000 - \$22,000	\$250 - \$750	\$750 - \$2,500	
2016	\$5,000 - \$9,000	\$10,000 - \$18,000	\$10,000 - \$28,000	\$10,000 - \$25,000	\$250 - \$750	\$600 - \$3,000	
2015	\$6,000 - \$10,000	\$12,000 - \$24,000	\$10,000 - \$30,000	\$10,000 - \$28,000	\$250 - \$750	\$600 - \$3,000	
2014	\$5,000 - \$8,500	\$10,000 - \$16,000	\$10,000 - \$25,000	\$10,000 - \$22,000	\$250 - \$750	\$600 - \$3,000	
2013	\$5,000 - \$8,500	\$9,000 - \$11,000	\$7,500 - \$19,000	\$7,000 - \$16,000	\$250 - \$750	\$600 - \$3,000	
2012	\$4,000 - \$8,500	\$8,000 - \$10,000	\$7,500 - \$15,000	\$4,500 - \$13,000	\$200 - \$750	\$500 - \$3,000	
2011	\$2,500 - \$5,500	\$7,500 - \$9,000	\$4,500 - \$13,000	\$4,000 - \$10,000	\$200 - \$750	\$500 - \$3,000	
MADERA COUNTY							
2017	\$16,000 - \$20,000		\$9,500 - \$16,000		\$1,400 - \$2,400	\$700 - \$1,400	
2016	\$18,000 - \$23,000		\$15,000 - \$20,000		\$1,400 - \$2,600	\$700 - \$1,400	
2015	\$18,000 - \$25,000		\$16,000 - \$25,000		\$1,400 - \$2,600	\$700 - \$1,400	
2014	\$16,000 - \$20,000		\$13,000 - \$20,000		\$1,400 - \$2,600	\$700 - \$1,400	
2013	\$11,000 - \$15,000		\$9,000 - \$11,000		\$1,200 - \$2,400	\$500 - \$1,200	
2012	\$10,000 - \$14,000		\$7,000 - \$11,000		\$1,400 - \$2,800	\$500 - \$1,200	
2011	\$8,000 - \$11,000		\$7,000 - \$10,000		\$1,600 - \$2,800	\$500 - \$1,800	



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Overview

ALMONDS

The commodity price for almonds stabilized into an average all-varieties range from \$2.00 to \$2.50 per pound. The demand for almond orchards has softened through the year especially for older orchards. The movement of almond orchards has been slow. In 2017 good quality orchards were selling at prices from \$24,000 to \$30,000 per acre. The older orchards with limited economic life are generally at \$20,000 to \$24,000 per acre. There are buyers actively in the market but very limited sellers. Buyers are searching for younger orchards, four to eight years, but are unwilling to pay the high prices sellers are demanding therefore closed transactions are few.

TABLE GRAPES

Sales of table grape vineyards were very limited in 2017, as is typical, with one sale of a young, high quality property. The value range of \$30,000 to \$40,000 per acre for economic vineyards was measured at the lower end by recent sales and at the upper end by younger vineyards with newer varieties. The wide range is due to the economic viability of the vineyards. In mid-2017 there was a sale at \$40,000 per acre. It included newer varieties of high value table grapes. While this sale is within the market it is at the very high end of the range. There are buyers actively in the market but very limited sellers of newer variety vineyards. Old vineyards with dated varieties define the low end of the range.

CITRUS

Demand for citrus plantings is considered limited with sales of citrus groves in Tulare and Kern counties ranging from \$14,000 to \$26,000 per acre in 2017, a decrease of 7% on the high end and 30% on the low end from 2016. Mandarin varieties have been very limited and our analysis makes no effort to cover that market in detail. The high end of the range reflects sales in Tulare County including newer navel 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. There are buyers actively in the market but very limited sellers.

TREE FRUIT

Sales of tree fruit orchards continue to be primarily limited to existing grower/packers or to buyers seeking ground suitable for re-development. Tree fruit orchards, in general and regardless of planted varieties, were and continue to be purchased primarily for the underlying ground. In areas of good ground and water conditions, orchard sales indicate values up to \$17,500 to \$23,500 per acre, a 16-30% decrease from 2016. Due to the reduction in tree fruit orchard plantings, supply and demand is coming back into balance, allowing for better returns and a slightly more optimistic future but at smaller acreage. The bulk of tree fruit sales continue to be concentrated in Fresno

County, northern Kings County, or near the Fresno-Tulare County line, with moderate sales reported in the central to southern Tulare County area.

WALNUTS

Walnut prices dropped in 2017, mirroring the nut price trends. Sales of walnut properties were very limited, as sale prices decreased on the low end of the range and slightly increased on the high end range from \$16,000 to \$35,800 per acre in Tulare County.

PISTACHIOS

The 2017 commodity price for pistachios stabilized and rose. As a result there were a few good-quality orchards for sale in areas with a dependable subsurface water supply. 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; sale prices decreased by 9%-16% from 2016 ranging from \$25,000 to \$32,000 per acre, but this primarily reflects lower-quality properties which were the only pistachio properties offered for sale in 2017. Higher-quality properties would likely sell for higher prices, but owners held such properties closely in 2017. Large and small blocks of pistachios in "White Land" areas are receiving little to no buyer activity. White land areas are located outside any water district boundaries, thus are most at-risk for groundwater curtailment as SGMA is implemented.

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 being unchanged in many years, as new data is seldom uncovered. On the occasion when 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 planting and therefore, the landlord would not receive the full crop share or cash rent equivalents reflected in the data provided.



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Kern County

CROPLAND

California has implemented the Sustainable Groundwater Management Act (SGMA). It has established 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 (SGM) 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 as the 11th overall basin ranking out of 21 High Priority Basins. The High Priority ranking is due to subsidence, overdraft, and water quality degradation.

Buyers are beginning to understand SGMA's possible implications and making decisions on best information provided by local basin managers and experts. Sellers have yet to fully grasp the implication of SGMA and its long-term effect on water use, and consequently its relationship to value.

Open cropland in 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 with no surface water rights are receiving little to no buyer activity.

Sale activity in 2017 slowed from the previous year in water districts with less reliable water resources and in "white land" areas. The number of marketed properties actually rose reflecting slowing demand for land suitable for permanent crop development in the face of lower commodity prices for nut crops in these areas. The fewer quality water sources available to properties directly equates to how the market views and values properties. Access to only well water in areas outside of known water district boundaries



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(White Lands) is becoming problematic in recognition of the Sustainable Groundwater Management Act (SGMA).

On the other hand, sale activity in 2017 slowed from the previous year in good water districts due to the lack of properties entering the market for sale. These districts have additional water sources deliverable to farmers through surface delivery, water banking programs or both. They have developed water banking programs over the past several years and continue to put forward new and exceptional water banking projects to help manage water needs in the future. Properties that enter the market in such districts receive above average consideration.

RANGELAND – EAST

Sale activity was very limited, with an increasing number of significant rangeland transactions. Prices, however, increased from last year's levels, reflective of higher per-acre rents. Sales of smaller parcels, reflected in the Recreation Land

segment, were limited as has been the case in recent years and there was a change in the value trend.

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 increased in 2017, but a stable value trend is projected going forward.

Tulare & Kings County

CROPLAND

Tulare County open land properties were stable in a range of \$15,000 to \$28,500. The highest demand has been for open land with prime soils and irrigation water from a combination of dependable surface water and ground water sources.

Northern Kings County open land properties were stable in a range of \$20,000

to \$25,000. Land values in Central Kings County were stable in a range of \$18,000 to \$22,000. Values in Western Kings County, including Westlands Water District, decreased to a range of \$5,000 to \$8,000. The higher sale prices in this area were dependent upon supplemental water sources from deep wells.

Tulare and Kings County will be adversely affected by SGMA as discussed above in Kern County Cropland.

The Tulare County Basins (5-22.11 and 5-22.13) are ranked as the 2nd and 16th overall basin ranking out of 21 High Priority Basins. The High Priority rankings are due primarily to overdraft, water quality issues, high nitrate and TDS in areas.

The Kings County Basin (5-22.12) is ranked as the 15th overall basin ranking out of 21 High Priority Basins. The High Priority ranking is due primarily to subsidence, overdraft and water quality degradation.

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VALUES: LAND AND LEASE

LAND USE	VALUE PER ACRE	ACTIVITY / TREND	RENT RANGE	ACTIVITY / TREND
Almonds	\$24,000 - \$30,000	Limited/Declining	10% - 20%	Limited/Stable
Pistachios	\$25,000 - \$32,000	Limited/Declining	No Rents	Limited/Stable
Table Grapes	\$30,000 - \$40,000	Limited/Stable	\$500 - \$1,000	Limited/Stable
Rangeland - East	\$1,000 - \$1,200	Limited/Stable	\$16 - \$25	Limited/Stable
Rangeland - West	\$500 - \$900	Limited/Stable	\$7 - \$10	Limited/Stable

KERN COUNTY

Cropland - NE & Central	\$18,000 - \$25,000	Limited/Sl. Declining	\$250 - \$400	Limited/Stable
Cropland - Southeast	\$18,000 - \$20,000	Limited/Sl. Declining	\$250 - \$500	Limited/Stable
Cropland - State Water	\$6,500 - \$18,000	Limited/Sl. Declining	\$200 - \$300	Limited/Stable
Citrus	\$22,000 - \$26,000	Limited/Stable	No Rents	Limited/Stable

TULARE COUNTY

Cropland	\$15,000 - \$28,500	Limited/Sl. Declining	\$200 - \$500	Limited/Stable
Walnuts	\$16,000 - \$35,800	Limited/Declining	10% - 20%	Limited/Stable
Citrus	\$14,000 - \$25,500	Limited/Stable	10% - 20%	Limited/Stable
Tree Fruit	\$17,500 - \$23,500	Limited/Stable	\$400 - \$800	Limited/Stable
Olives	\$13,000 - \$21,000	Limited/Stable	None	None

KINGS COUNTY

Cropland (North)	\$20,000 - \$25,000	Limited/Sl. Declining	\$250 - \$400	Limited/Stable
Cropland (Central)	\$18,000 - \$22,000	Limited/Sl. Declining	\$250 - \$500	Limited/Stable
Cropland (West)	\$5,000 - \$8,000	Limited/Sl. Declining	\$175 - \$250	Limited/Stable

DAIRIES (Kings, Tulare and Kern Counties)

Newer*	\$1,350 - \$1,750	None/Stable	No Rents	No Rents/Stable
Older*	None			

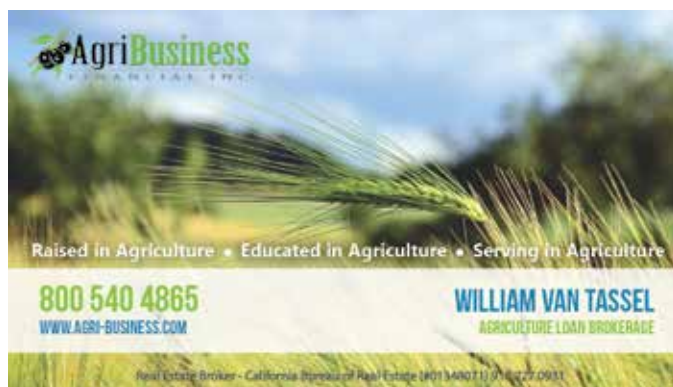
*per lactating cow - without underlying land

DAIRY

The trend in dairy values continued down in 2017. Older facilities and small facilities continue to show little to no contributory value, purchased primarily for re-development to permanent plantings.

Overall, average-to-good condition functional facilities with modern milk barns make up the economic sales. Facilities with older milking parlors, with limited area for expansion, or in fair-average condition continue to show little demand.

No large dairy facility sales were found. Overall, demand continues to be limited as milk prices continue to show little upward movement. The dairy industry has and continues to contract with little change in the foreseeable future.



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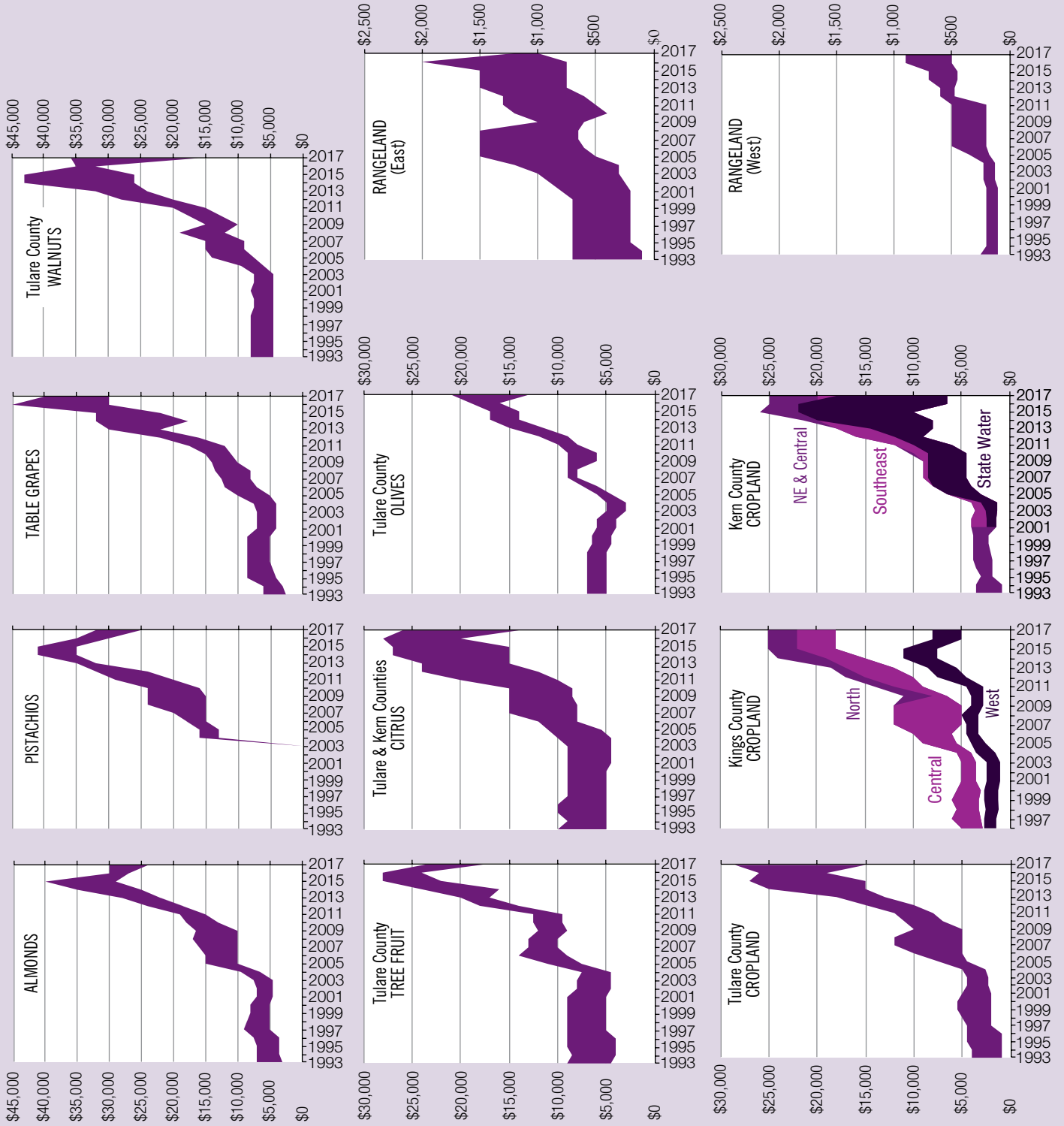
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HISTORICAL VALUE RANGE per acre

LAND USE	ALMONDS	PISTACHIOS	TABLE GRAPES	RANGELAND (EAST)	RANGELAND (WEST)
2017	\$24,000 - \$30,000	\$25,000 - \$32,000	\$30,000 - \$40,000	\$1,000 - \$1,200	\$500 - \$900
2016	\$27,000 - \$30,000	\$30,000 - \$35,000	\$30,000 - \$45,000	\$750 - \$2,000	\$500 - \$900
2015	\$29,000 - \$40,000	\$35,000 - \$41,000	\$22,000 - \$32,000	\$750 - \$1,500	\$450 - \$700
2014	\$25,000 - \$35,000	\$35,000 - \$41,000	\$17,700 - \$32,000	\$750 - \$1,500	\$450 - \$700
2013	\$22,000 - \$28,000	\$32,000 - \$35,000	\$22,000 - \$30,000	\$750 - \$1,500	\$475 - \$600
2012	\$18,500 - \$24,000	\$24,000 - \$32,000	\$16,000 - \$22,000	\$600 - \$1,300	\$475 - \$600
2011	\$15,000 - \$19,000	\$20,000 - \$29,000	\$12,000 - \$17,500	\$500 - \$1,300	\$200 - \$500
LAND USE	CROPLAND NE & CENTRAL	CROPLAND SOUTHEAST	CROPLAND STATE WATER	CITRUS	
<u>KERN COUNTY</u>					
2017	\$18,000 - \$25,000	\$18,000 - \$20,000	\$6,500 - \$18,000	\$22,000 - \$26,000	
2016	\$20,000 - \$25,000	\$19,000 - \$20,000	\$6,500 - \$22,000	\$22,000 - \$25,000	
2015	\$22,000 - \$26,000	\$18,000 - \$22,000	\$10,000 - \$22,000	\$15,000 - \$25,000	
2014	\$16,000 - \$21,500	\$16,000 - \$20,000	\$8,000 - \$20,000	\$15,000 - \$25,000	
2013	\$16,000 - \$18,000	\$15,500 - \$18,000	\$8,000 - \$14,500	\$15,000 - \$21,000	
2012	\$13,000 - \$15,000	\$13,000 - \$16,000	\$9,000 - \$12,000	\$12,000 - \$20,000	
2011	\$10,000 - \$11,500	\$11,000 - \$12,000	\$6,000 - \$10,000	\$10,000 - \$15,500	
LAND	CROPLAND	WALNUTS	CITRUS	TREE FRUIT	OLIVES
<u>TULARE COUNTY</u>					
2017	\$15,000 - \$28,500	\$16,000 - \$35,800	\$14,000 - \$25,500	\$17,500 - \$23,500	\$13,000 - \$21,000
2016	\$19,000 - \$26,000	\$32,000 - \$35,000	\$20,000 - \$28,000	\$24,000 - \$28,000	\$16,000 - \$19,000
2015	\$15,000 - \$27,000	\$26,000 - \$43,000	\$15,000 - \$27,000	\$22,000 - \$28,000	\$14,000 - \$17,000
2014	\$15,000 - \$25,000	\$26,000 - \$43,000	\$15,000 - \$27,000	\$16,000 - \$24,000	\$14,000 - \$17,000
2013	\$13,000 - \$18,000	\$24,000 - \$32,000	\$18,000 - \$24,000	\$17,000 - \$20,000	\$11,500 - \$15,000
2012	\$10,000 - \$15,000	\$20,000 - \$28,000	\$14,000 - \$24,000	\$14,000 - \$18,000	\$9,000 - \$12,000
2011	\$8,000 - \$12,000	\$15,000 - \$20,000	\$11,000 - \$20,000	\$9,500 - \$12,500	\$8,000 - \$10,000
LAND USE	CROPLAND (NORTH)	CROPLAND (CENTRAL)	CROPLAND (WEST)	DAIRIES, NEWER*	
<u>KINGS COUNTY</u>					
2017	\$20,000 - \$25,000	\$18,000 - \$22,000	\$5,000 - \$8,000	\$1,350 - \$1,750	
2016	\$20,000 - \$25,000	\$18,000 - \$22,000	\$5,000 - \$8,000	\$1,350 - \$1,650	
2015	\$19,000 - \$25,000	\$18,000 - \$22,000	\$7,500 - \$11,000	\$1,350 - \$1,650	
2014	\$16,000 - \$24,000	\$15,000 - \$19,000	\$7,500 - \$11,000	\$800 - \$2,200	
2013	\$15,000 - \$18,500	\$12,000 - \$17,000	\$5,500 - \$8,500	\$1,000 - \$2,000	
2012	\$12,000 - \$17,000	\$10,000 - \$15,000	\$4,500 - \$7,500	\$1,400 - \$2,000	
2011	\$9,000 - \$14,000	\$9,000 - \$12,000	\$2,750 - \$4,500	\$1,750 - \$2,500	

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





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Santa Clara County

ROW CROPS

Irrigated farmland in Santa Clara County is primarily found in 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. Small parcels (5 acres and less) are typically purchased for residential estate purposes. Agricultural properties ranging from 10 to 40 acres are often purchased by investors; these properties are 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 5-10 acre residential sites and 20-40 acre “speculative” sites purchased by long term investors.

Rents in the Gilroy area have generally been lower than the San Benito County market and much less than 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, as well as higher operating costs. However, over the past few years, more Salinas Valley growers are entering the market, much like they have been in San Benito County. Rents in the area are seeing slight to moderate increases. Most of the newer rents still offer gross rent terms, with the owner paying the property taxes/insurance and the tenant paying the utility costs.

San Benito County

ROW CROPS

San Benito County row crop prices have seen fairly significant upward pressure due to Salinas Valley growers entering the market. Coupled with a thin inventory of available properties, the result has been steady increases in values. Demand is moderate to strong, with a supply and demand imbalance due to more buyers than sellers. Good quality farmland is seeing values in the \$30,000 to \$40,000+ per acre range, while values in secondary farming areas are seeing values in the \$19,000 to \$25,000+ per acre range. Most, if not all, buyers in the San Benito County market are owner/operators. There are few investors purchasing farms in the county 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.

Since land and rental values in San Benito County are typically less than those of similar properties in Monterey County, there continues to be strong interest in prime San Benito County agricultural land. Farmland rents have seen an increase over the past several years as more Monterey County farmers have entered the market and currently seem to be stable. 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 and Santa Cruz County row crop land values have experienced strong increases over the past two years. Sale activity was typical with only a handful of prime farmland transactions occurring in each county in 2017. Sales indicated values ranging from \$25,000 to \$72,000 per acre. While there were no sales in the prime Blanco District farming region of Monterey County, it is anticipated that, when a sale does occur, values will be significantly higher than previous sales in the area. Recent sales have typically been listed on the open market, soliciting several competing offers. Increasing values, and corresponding decreasing capitalization rates, have essentially priced investors out of the market in the interim, until rents catch up. Current buyers are primarily local growers looking to secure land with less emphasis placed on the income earning capability of a property.

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. The current market appears volatile with strong increases in sale prices and slower increases to rental rates. Farmland rents are considered to be stable to increasing, and there is a very limited supply of available properties in the market area. A definitive trend in capitalization rates has yet to be determined. Historically rates have trended from 4.50% to 5.50%, however the current rate range is sub-3.00% to 4.00%. Recent sales don't yet reflect potential changes in market rental values. With the majority of buyers looking to satisfy contract obligations, which is a component of their business that incentivizes paying prices above what an investor will pay, there may be a trend towards lower capitalization rates.

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Monterey County

WINE GRAPES

There was limited activity related to vineyard properties this past year, with the principal parties involved in recent transactions tending to be both local vineyardists and investment companies. Good quality commercial vineyard properties generally range from \$45,000 to \$75,000 per net vine acre, with the higher values tied to locations within the Santa Lucia Highlands AVA. The wine grape market appears to be strong. Vineyard sales in Monterey County consist almost entirely of commercial operations. Typically there are very few, if any, small vineyard sale transactions. The majority of land sales in the area, especially any recent land sales, are heavily influenced by their irrigated field cropland potential.

Santa Clara, San Benito & Monterey Counties

CENTRAL COAST RANGELAND

Demand for Central California pasture ranches is moderate, depending upon the specific location and amenities. Good quality, well located pasture ranches are seeing steady market activity from both individual and institutional investors. Smaller pasture ranches (500 to 3,000 acres) are seeing demand from “lifestyle” buyers while many of the larger ranches reflect a stronger investor influence. While most of the ranches are capable of supporting livestock production, recreational influence is strong and has contributed to the demand.

Other Influences & Concerns

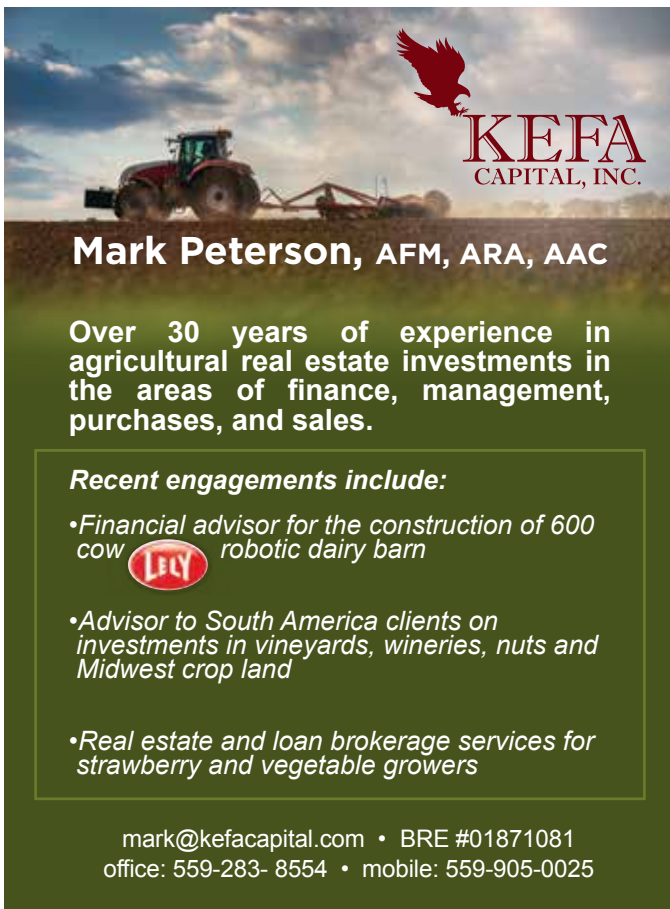
CANNABIS

The number of greenhouse transactions in Monterey County decreased slightly when compared to the prior year (2016), potentially indicating a slowdown of investments in properties that are capable of supporting the cannabis industry. The growth or absorption of the remaining potential cannabis greenhouse space, as we move into 2018, remains questionable as the process of permitting operations is sorted out by state regulators, and is anticipated to vary with each county, keeping the market guessing.

Market participants indicate the per pound price of cannabis has fallen steeply over the past year and may not rebound until the track-and-trace system is implemented, which is expected to minimize the black-market as secondary competition. Nonetheless, 2018 is expected to see an overall decline in the price of wholesale cannabis, as seen in Oregon. Obstacles to permitting (including pesticide and mold compliance, issues involving water usage, strain on the power grid, etc.), high tax rates, and the track-and-trace system may be barriers to small startups and compress net profits for larger investors active in the current market. Ultimately, it may be seen that older facilities face compliance costs (specifically for the control of mold and mildew) that reduces their economic viability.

LABOR COSTS & DEMAND

Monterey County and the Central Coast areas continue to be impacted by the labor shortage. As Mexico increases its manufacturing jobs and a strong U.S. economy offers more jobs in construction and hospitality, in the already limited labor pool, competition for labor continues to increase. As mechanization and less labor-intensive farming techniques are explored, the most viable long-term option appears to be foreign guest workers (H2A visas); however, farm labor housing projects require a large capital outlay and suitable locations for the projects are difficult to find.




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Santa Maria Valley

IRRIGATED VEGETABLE/STRAWBERRY LAND

Current land prices are presently ranging between \$23,500 to \$70,000±/acre in the Santa Maria Valley, assuming good adaptability to crops along with a good water supply. The current market for farmland in the Santa Maria Valley is stable, while activity in the heart of the vegetable and strawberry growing area of the Valley is limited. There were no sales in 2016 and the only sale in 2017 was in the mid-\$50,000 per acre range.

Rents in the Santa Maria Valley have softened slightly from last year with current vegetable crop rents ranging from \$1,300 to \$1,900 per acre, and strawberry rents higher at \$2,000 to \$3,000 per acre, depending on the adaptability of the soils to strawberries. Due to demand for strawberry land, many irrigated field crop land owners are leasing land to strawberry growers. Strawberry growers in this area have started to explore more marginal areas for production, lessening the demand for land. They are also developing rotation strategies with local vegetable growers to maximize land utilization and lessen some of the competition for irrigated field crop land.

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San Luis Obispo & Santa Barbara Counties

WINE GRAPES

The market for vineyard properties and land suitable for vineyards in Santa Barbara and San Luis Obispo Counties has been strong for the past few years. Vineyards in Santa Rita Hills, Santa Ynez Valley, Edna Valley, and the west side of Paso Robles/Templeton are currently selling for approximately \$50,000 to more than \$60,000 per net vineyard acre, with higher values in the Santa Barbara region. The vineyard market in the Paso Robles and Templeton area has been most influenced by the initial implementation of the Paso Robles Ground Water Basin Moratorium, which expired in August 2015. On November 27, 2015,

the County of San Luis Obispo amended several ordinances to continue restricting new plantings and additional water usage without an off-set as outlined by the county. These restrictions have resulted in the increased value of vested, plantable land from \$12,000 to more than \$20,000 per net acre and strengthened the planted vineyard market, which ranges from \$28,000 to more than \$40,000 per net vineyard acre. The fringe areas further north and east historically sold toward the lower end of the range; however, more recently have sold for similar prices. The buyers tend to be existing vineyard owners and winery owners looking to expand their operations, now with limited land available for expansion.



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DRY PASTURE RANGELAND

For several years, the Temblor Mountain Range/Carrizo Plains market was influenced by out of town buyers purchasing ranches for recreational, retreat and homesite purposes. Since the downturn in the economy, the demand from these types of buyers has been reduced. These sales are divided into two main groups: ranches of 1,500 acres and smaller, and ranches 1,500 acres to 15,000 acres. The first group ranges from \$800 to \$7,000 per acre, while the second group ranges from \$300 to \$1,200 per acre. The primary influence that drove prices up on the smaller parcels was residential and/or recreational uses. The larger ranches may also be further divided into parcels purchased for recreational,

retreat and home site desirability, versus those ranches 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, with one ranch of approximately 8,850 acres in size selling for \$900 per acre. The large ranches purchased for cattle grazing are selling for between \$500 and \$700 per acre. No recent sales of dry pasture ranches were discovered in the market area.

Parcels along the Pacific Ocean and Coastal Mountain Range with rural residential appeal have continued to remain stable to strong. After 2007, this market saw a decline in activity

and prices; however, it has shown substantial recovery over the past several years. This area is very attractive for large, rural home sites, with these properties typically being less than 1,000 acres. Sales range from \$4,500 per acre for large dry pasture ranches with limited usability and/or lack ocean views, to \$15,000 per acre for smaller, desirable parcels with coastal influence, ocean views and/or cultivatable land. Typically, there is limited activity of coastal ranches larger than 1,000 acres in size as these ranches are rarely available or offered for sale on the public market.

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TEXAS Rural Land Value Trends 2016

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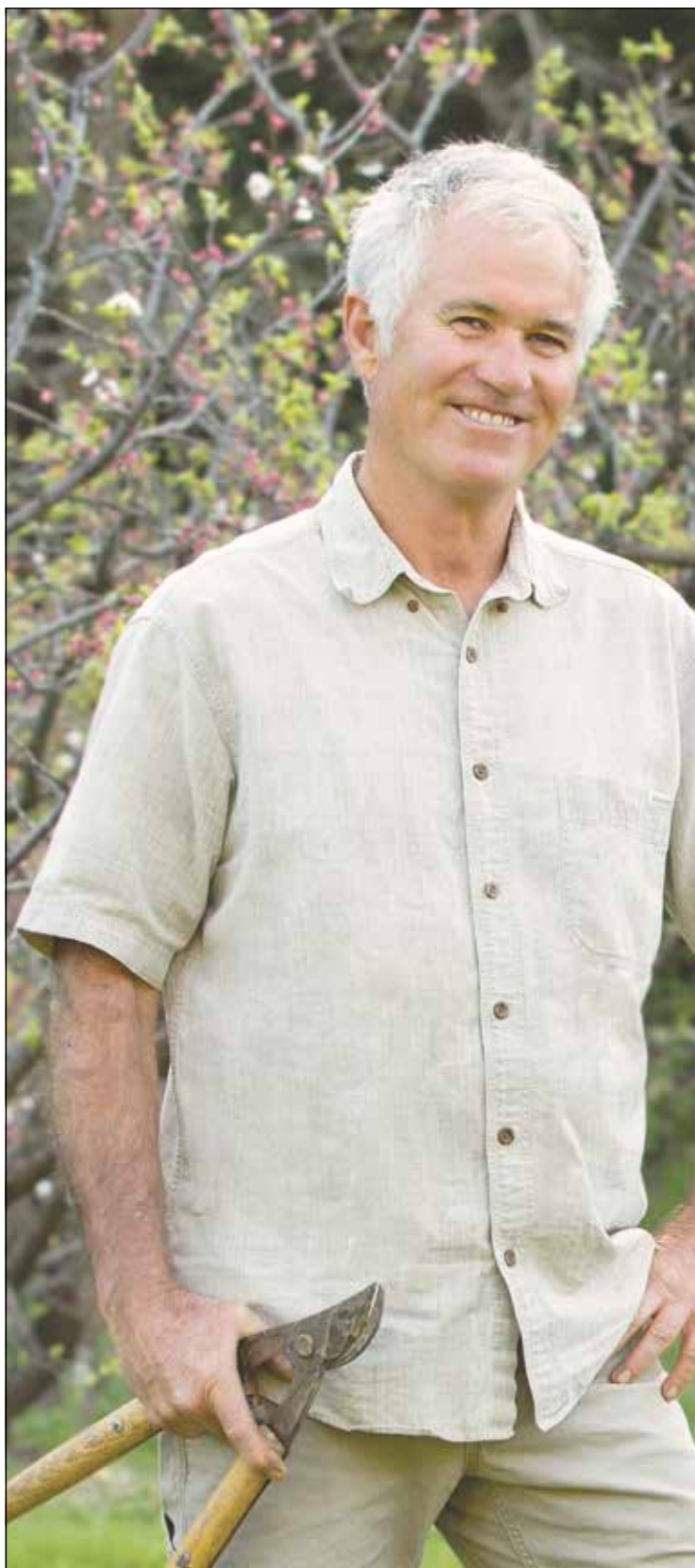
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Ventura & Southern Santa Barbara Counties

LEMONS & AVOCADOS

Ventura County and Southern Santa Barbara County lemon values for commercial size groves have been stable over the past year, based on limited sales. Ventura County and Southern Santa Barbara County avocado values for commercial-size groves have been stable over the past year based on very limited sales. The values have increased slightly for small (homesite) size parcels, causing them to command higher per acre prices than commercial-size properties. This appears to be a reflection of the improving residential market and its influence on rural properties. The lower sale prices are from properties located in the far eastern portions of the county, in which more extreme temperatures negatively affect growing conditions. Only commercial size properties are included in the Land and Lease Values Table.

Ventura County

IRRIGATED VEGETABLE/STRAWBERRY LAND

The prime area of Ventura County for truck crops (irrigated crops) is the Oxnard Plain. There have been limited 2017 sales of truck crop land in this area. During 2017, berry ground sales ranged between \$78,000 and \$81,000 per acre with rents from \$2,900 to \$4,000 per acre. Vegetable land sales in and near the Oxnard Plain were limited to two transactions: one at \$59,000 per acre and the other at \$68,000 per acre, with rents from \$1,700 to \$2,900 per acre. The other irrigated crop areas in the county are located more inland (to the east). They command lower prices and lower rents as they experience more extreme temperatures, which negatively affect crop growing conditions. Prices in those areas in 2017 were \$45,000 to \$53,000 per acre, with rents at \$1,700 to \$2,300 per acre. The current market for Oxnard Plain berry ground is soft, while vegetable ground is stable. The current market for other areas appears to be soft. Currently, there is little inventory of land offered for sale. Only commercially viable properties are included in the Land and Lease Values Table.

ORANGES

In Ventura County, most of the sales with orange groves are small and are purchased primarily for their rural homesite amenity. The sale of commercial size orange groves are rare in the county and the economic viability of most of these groves is nil. There is a change in the highest and best use evidenced by conversion to other uses. Thus orange groves will be excluded from this and future Market Trends updates for Ventura County.

CONCERNS

Currently, one of the main considerations in land transactions is the political climate. Voters in Ventura County recently extended the SOAR (Save Our Agricultural Resources) initiative until 2050. Because of this initiative, any change in zoning requires a vote of the county's general populace. Additionally, growers are concerned about the recent overtime ruling requiring time and one-half for employees working over 40 hours per week or 8 hours per day. Added to this burden is the recent statewide increase in the minimum wage. Also, there is uncertainty about water, as the southern part of the state is still in an extreme drought with declining groundwater levels and increasing regulation. Finally, the recent fires in Ventura and Santa Barbara Counties occurred in the foothills and, agriculturally, primarily affected the avocado groves. It is unclear what this effect might be, with some properties potentially being abandoned.




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VALUES: LAND AND LEASE

LAND USE	VALUE PER ACRE	ACTIVITY / TREND	RENT RANGE	ACTIVITY / TREND
<u>SANTA CLARA COUNTY</u>				
Row Crops - Gilroy	\$20,000 - \$40,000	Moderate/SI. Increasing	\$400 - \$1,000	Moderate/SI. Increasing
Rangeland	\$1,500 - \$3,000	Very Limited/Stable	\$15 - \$30	Limited/Stable
<u>MONTEREY COUNTY</u>				
Row Crops	\$25,000 - \$63,000	Moderate/Increasing	\$900 - \$3,300	Strong/SI. Increasing
Rangeland	\$700 - \$2,000	Very Limited/Stable	\$6 - \$30	Limited/Stable
Wine Grapes	\$25,000 - \$75,000	Moderate/Increasing	N/A	N/A
<u>SANTA CRUZ COUNTY</u>				
Row Crops	\$30,000 - \$72,000	Moderate/Increasing	\$1,200 - \$3,000	Strong/Increasing
<u>SAN BENITO COUNTY</u>				
Row Crops	\$19,000 - \$40,000	Moderate/Increasing	\$450 - \$1,800	Moderate/Stable
Rangeland	\$600 - \$2,500	Moderate/Increasing	\$6 - \$30	Limited/Stable
<u>SAN LUIS OBISPO AND SANTA BARBARA COUNTIES</u>				
Row Crops	\$23,500 - \$70,000	Limited/Stable	\$1,300 - \$3,000	Limited/Stable
Coastal Rangeland (San Luis Co)	\$2,500 - \$15,000	Limited/Stable	\$7 - \$20	Limited/Stable
Inland Rangeland (San Luis Co)	\$500 - \$2,500	Limited/Stable	\$5 - \$15	Limited/Stable
Rangeland (Santa Barbara Co)	\$2,500 - \$15,000	Limited/Stable	\$7 - \$20	Limited/Stable
Wine Grapes	\$25,000 - \$70,000	Moderate/SI. Increasing	\$750 - \$3,000	Limited/Stable
<u>VENTURA COUNTY</u>				
Row Crops/Strawberries	\$45,000 - \$81,000	Limited/Decreasing	\$1,700 - \$4,000	Moderate/SI. Decreasing
Lemons	\$50,000 - \$86,000	Limited/Stable	N/A	N/A
Avocados	\$37,000 - \$63,000	Very Limited/Stable	N/A	N/A



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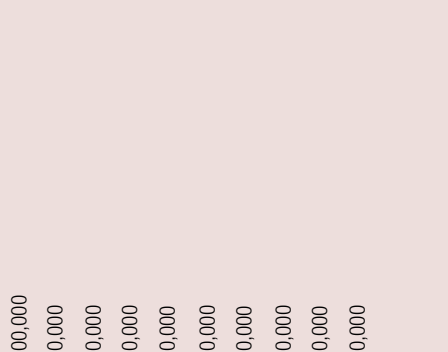
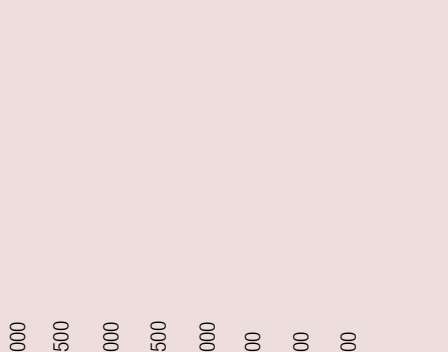
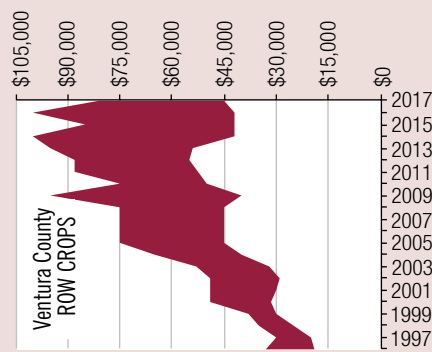
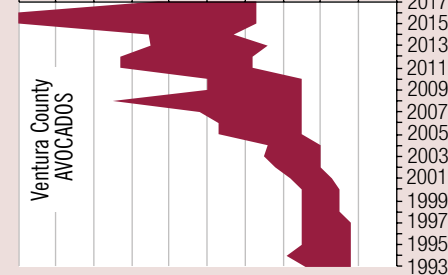
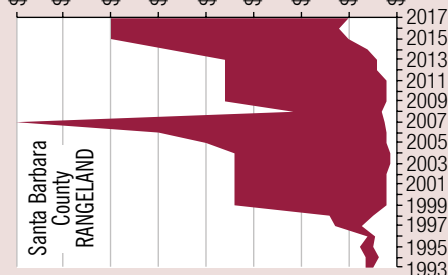
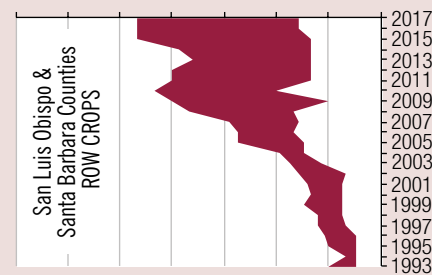
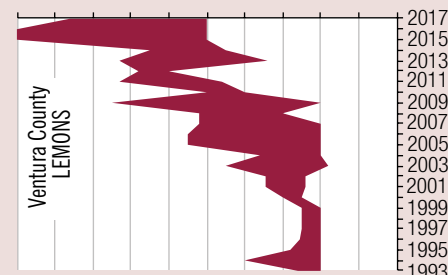
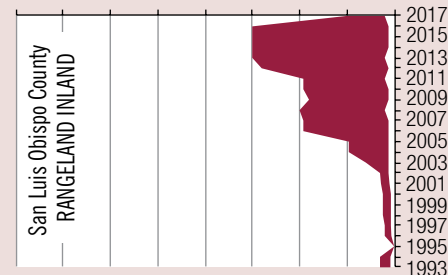
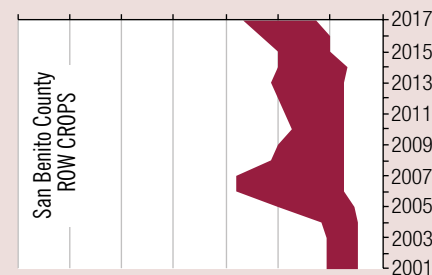
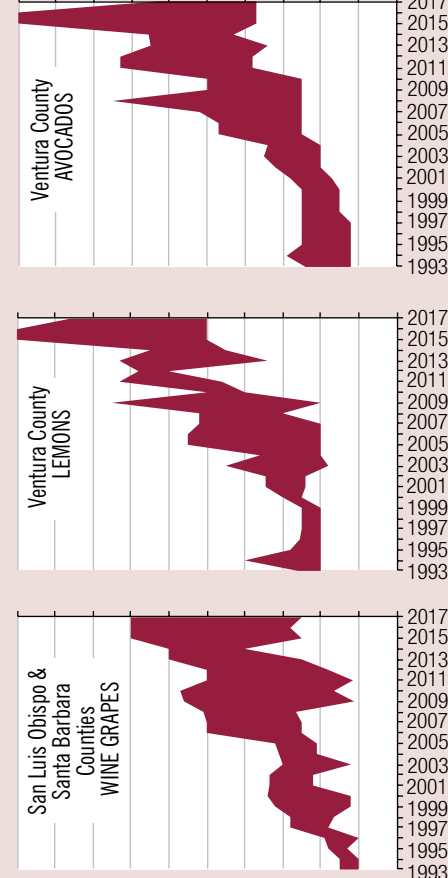
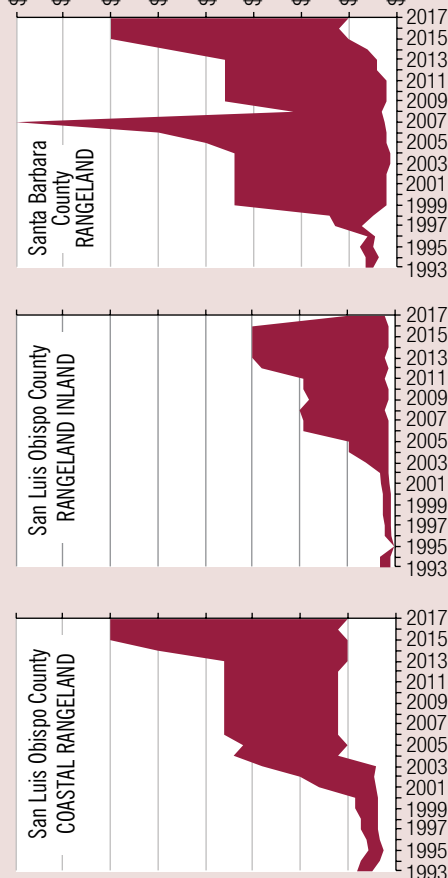
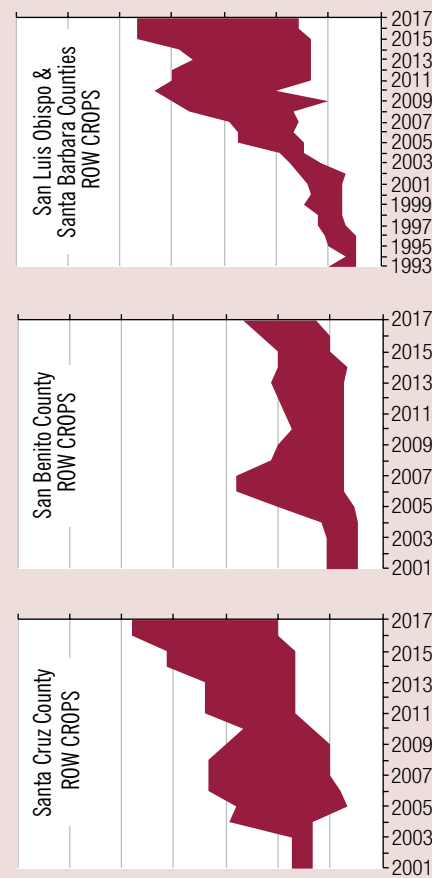
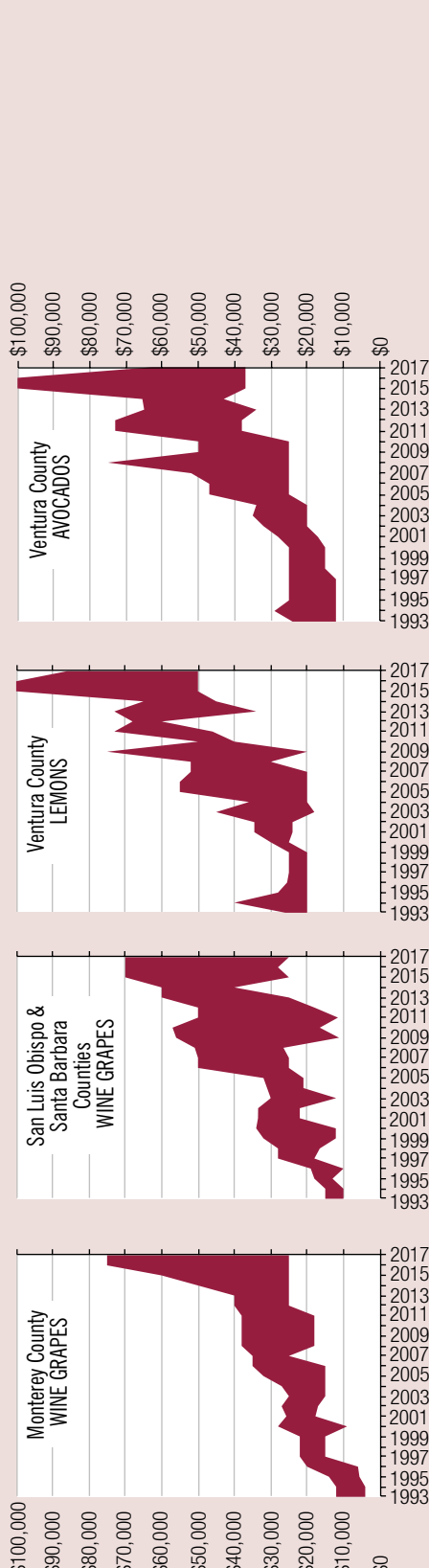
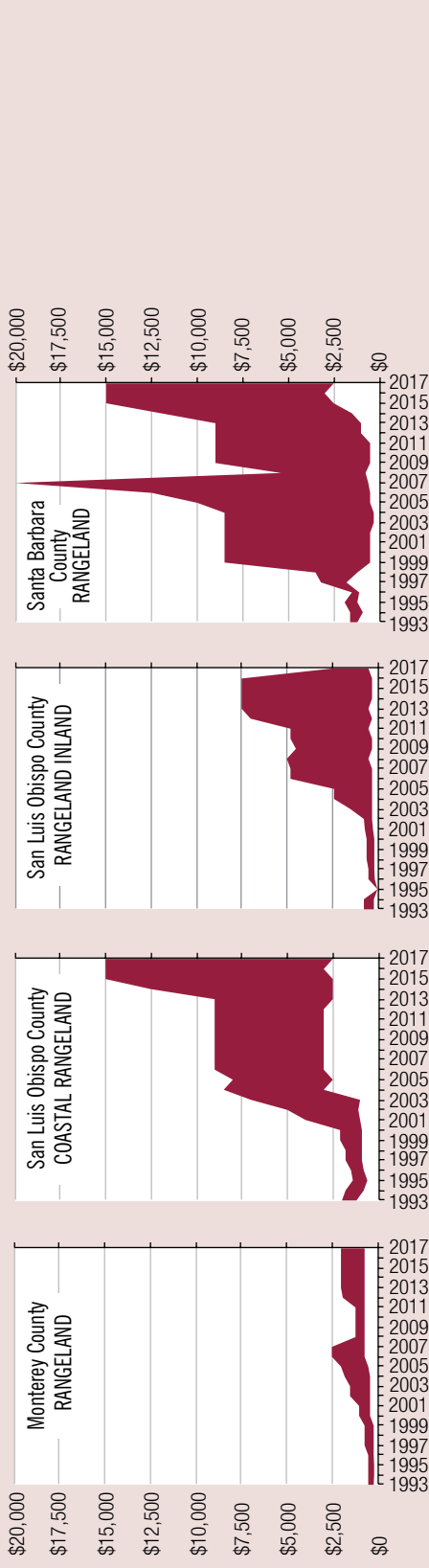
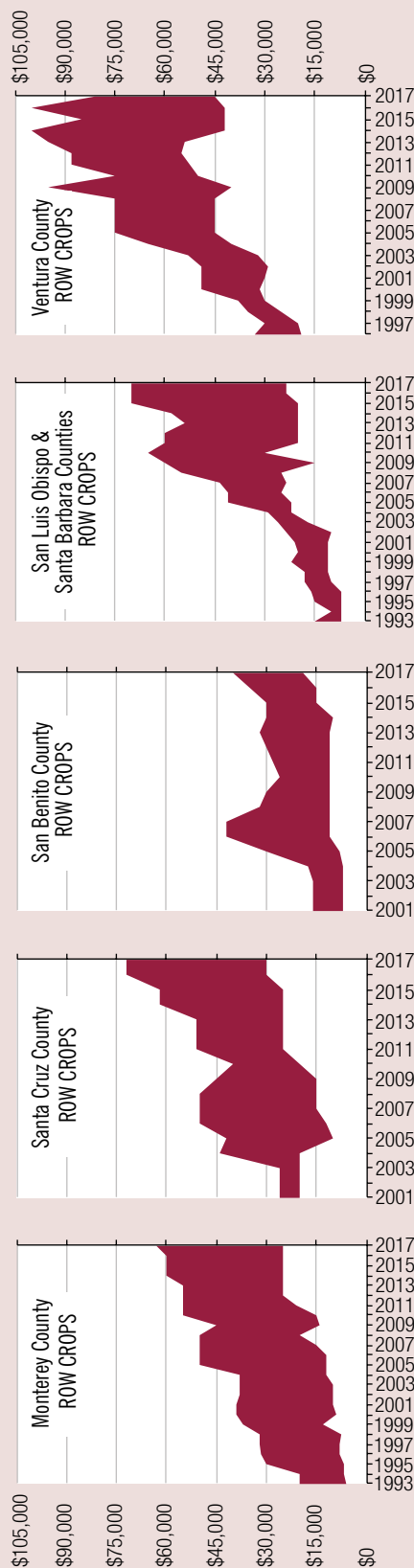
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HISTORICAL VALUE RANGE per acre

LAND USE	ROW CROPS	RANGELAND	WINE GRAPES		
MONTEREY COUNTY					
2017	\$25,000 - \$63,000	\$700 - \$2,000	\$25,000 - \$75,000		
2016	\$25,000 - \$60,000	\$700 - \$2,000	\$25,000 - \$75,000		
2015	\$25,000 - \$60,000	\$700 - \$2,000	\$25,000 - \$60,000		
2014	\$25,000 - \$60,000	\$700 - \$2,000	\$25,000 - \$50,000		
2013	\$25,000 - \$55,000	\$700 - \$2,000	\$25,000 - \$40,000		
2012	\$25,000 - \$55,000	\$700 - \$1,900	\$25,000 - \$40,000		
2011	\$21,000 - \$55,000	\$700 - \$1,200	\$18,000 - \$38,000		
LAND USE	ROW CROPS	ROW CROPS	RANGELAND		
SANTA CRUZ COUNTY					
2017	\$30,000 - \$72,000	\$19,000 - \$40,000	\$600 - \$2,500		
2016	\$30,000 - \$72,000	\$15,000 - \$35,000	\$600 - \$2,500		
2015	\$25,000 - \$62,000	\$15,000 - \$30,000	\$600 - \$2,500		
2014	\$25,000 - \$62,000	\$10,000 - \$30,000	\$500 - \$2,500		
2013	\$25,000 - \$51,000	\$11,000 - \$32,000			
2012	\$25,000 - \$51,000	\$11,000 - \$30,000			
2011	\$25,000 - \$51,000	\$11,000 - \$28,000			
LAND USE	ROW CROPS	RANGELAND COASTAL (San Luis County)	RANGELAND INLAND (San Luis County)	RANGELAND (Santa Barbara County)	WINE GRAPES
SAN LUIS OBISPO COUNTY & SANTA BARBARA COUNTY					
2017	\$23,500 - \$70,000	\$2,500 - \$15,000	\$500 - \$2,500	\$2,500 - \$15,000	\$25,000 - \$70,000
2016	\$23,000 - \$70,000	\$3,000 - \$15,000	\$300 - \$7,500	\$3,000 - \$15,000	\$28,000 - \$70,000
2015	\$20,000 - \$70,000	\$2,500 - \$15,000	\$300 - \$7,500	\$2,500 - \$15,000	\$25,000 - \$70,000
2014	\$20,000 - \$58,000	\$2,500 - \$12,500	\$300 - \$7,500	\$1,500 - \$12,000	\$40,000 - \$60,000
2013	\$20,000 - \$54,000	\$2,500 - \$9,000	\$500 - \$7,500	\$1,000 - \$9,000	\$25,000 - \$60,000
2012	\$20,000 - \$60,000	\$3,000 - \$9,000	\$300 - \$7,000	\$1,000 - \$9,000	\$18,000 - \$50,000
2011	\$20,000 - \$60,000	\$3,000 - \$9,000	\$500 - \$4,800	\$500 - \$9,000	\$11,500 - \$50,000
LAND USE	ROW CROPS (Gilroy)	RANGELAND			
SANTA CLARA COUNTY					
2017	\$20,000 - \$40,000	\$1,500 - \$3,000			
2016	\$18,000 - \$40,000	\$1,500 - \$3,000			
2015	\$18,000 - \$40,000	\$1,500 - \$3,000			
2014	\$15,000 - \$40,000	\$1,000 - \$2,500			
2013	\$15,000 - \$40,000	\$2,500 - \$5,000			
2012	\$15,000 - \$40,000	\$1,200 - \$5,000			
2011	\$14,500 - \$20,000	\$1,200 - \$5,000			
LAND USE	ROW CROPS	LEMONS	AVOCADOS		
VENTURA COUNTY					
2017	\$45,000 - \$81,000	\$50,000 - \$86,000	\$37,000 - \$63,000		
2016	\$42,000 - \$100,000	\$50,000 - \$100,000	\$37,000 - \$100,000		
2015	\$42,000 - \$85,000	\$50,000 - \$100,000	\$37,000 - \$100,000		
2014	\$42,000 - \$100,000	\$45,000 - \$65,000	\$43,000 - \$65,500		
2013	\$54,000 - \$95,000	\$34,000 - \$73,000	\$34,000 - \$65,000		
2012	\$55,000 - \$88,000	\$60,000 - \$68,000	\$38,000 - \$73,000		
2011	\$52,500 - \$88,000	\$46,000 - \$73,000	\$38,000 - \$73,000		





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General Comments

Region Seven 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 of urban encroachment, agriculture continues to be an important contributor to Region Seven's economy.

Coastal Mountains & Inland Valleys

AVOCADOS

Avocado groves remained generally stable. Although much needed precipitation gave the region a welcome respite from the sustained drought and resulted in a few more sales, properties in the coastal regions have continued to struggle with affordable irrigation water sources. More efficient water management and a continued drive to become less reliant on district water supplies has resulted in development of more advanced filtration systems, salt tolerant rootstock, and higher density plantings. Groves with suitable alternative water sources have experienced stronger demand and higher prices, though areas with less favorable water sources are exhibiting weaker values. As with most permanent plantings, high producing groves with potential for estate development have demonstrated the highest values.

CITRUS

Market activity has remained limited, though demand appears to have increased marginally for citrus properties in the coastal regions and inland valleys. While there were a few sales of citrus groves, no transactions of a significant size were noted. Lemons continue to be the citrus crop of choice for most growers. Overall, the consensus is that values remained stable during 2017.

DAIRY

Region Seven's dairy market is concentrated in two main areas, the Chino Basin in western Riverside—San Bernardino Counties, and the San Jacinto River Basin in western Riverside County. Milk products continue to be the #1 commodity in San Bernardino County, with 2016 sales of \$158± million. In Riverside County, 2016 saw milk products fall into the #2 spot at \$149± million, just below nursery stock at \$150 million. The Chino Basin continues to experience urban encroachment with new construction showing moderate increases with the improved housing market. New development in the San Jacinto River Basin market area has been extremely limited. Price trends are stable to increasing in the Chino Basin and considered to be stable in the San Jacinto River Basin with limited market activity taking place.

NURSERY

The market for nursery properties was generally slow in 2017 with a limited volume of sales. The industry's positive outlook continued throughout the year as a result of continued demand for drought tolerant plants and a healthy construction market. Although the passing of California Proposition 64, which legalized recreational marijuana at the state level effective January 1, 2018, had created more interest in the nursery properties, the reversal of a federal guidance to U.S. Attorney Generals to not prosecute marijuana cases in legalized states has created uncertainty for the pot industry in the near-term. However, if this issue nears a favorable resolution, marijuana-related demand for nursery properties could have an upward influence on values.

WINERIES & VINEYARDS

Region Seven includes the South Coast American Viticultural Area (AVA), which comprises grapes grown in Los Angeles, Orange, Riverside, San Bernardino, and San Diego Counties. The largest and most well-known sub-region is the Temecula Valley AVA in southwestern Riverside County. Temecula's relative proximity to Southern California population centers benefits the area with significant tourist traffic.

In 2017 there were no winery transactions, but there was some marketing activity on two Temecula Valley wineries that are still for sale in 2018. Vineyard transactions have been very limited, with only a few moderately sized vineyards selling in 2017 (less than 10 planted acres). Land and vineyard values were stable in 2017 and some promising activity going into 2018 could set a new upper end of the market range. In 2017, newly planted vineyard acreage far exceeded the planted acreage that sold, which is one measure of demand. The trend of replacing citrus groves with vineyard continued in 2017 within the Temecula Valley. Region Seven, much like the rest of California, benefited from the above average rainfall, which should result in an above average grape crop for reds and possibly whites, though there was some damage from the heat spikes at the end of the growing season.

Grape pricing is expected to move in a positive direction once the final numbers are released.

While the region mostly experienced a positive growing season, some concern was raised when a glassy-winged sharpshooter (carries Pierce's Disease) trapping program captured its largest haul since it was instituted in 2003. The pests were found in orange groves in the Temecula Valley. While there has been no immediate impact to area vineyards, it has spurred the Temecula Valley Winegrowers Association to educate growers about detection and treatment options. This will be an important outreach program in 2018 as this growing vineyard and winery market is committed to preventing this Pierce's disease spreading insect that ravaged the area in the late 1990s.

LOS ANGELES COUNTY

Los Angeles County covers 4,061 square miles with topography that varies from the coastal plains along the Pacific coast to the rugged foothill Santa Monica—San Gabriel Range of Mountains to the arid region of the Mojave Desert. Los Angeles County is the most populous county in the nation and agriculture encompasses less than one percent of the land area. Sales activity is sporadic and the value of agricultural real estate is very location-specific, making value trends difficult to measure.

ORANGE COUNTY

Orange County has a total land area of 948 square miles that extends from the coastal plains along the Pacific coast to the foothills of the Santa Ana Range of Mountains. Like neighboring Los Angeles County, agriculture has a small influence on value trends.

Desert Region

COACHELLA VALLEY

The Coachella Valley extends for approximately 45 miles in Riverside County, from the San Bernardino Mountains in the north to the Salton Sea in the south. Approximately 60,000 acres in the Valley benefit from surface water for irrigation that is delivered from the Colorado River via the Coachella Canal branch of the All-American Canal. Currently, the Coachella Valley Water District does not use its entire allotment of water; so they are planning to extend delivery of surface water to farmers in the Oasis area that are currently pumping groundwater. The desert region is attractive as it produces some of the earliest crops in the nation, resulting in good returns to growers. The main crops include table grapes, citrus (mostly lemons), vegetables, dates, and nursery stock. There was limited sales activity in 2017 primarily due to a lack of land being available for sale. The properties that did sell were mostly in the \$20,000 to \$30,000 per acre range.

IMPERIAL VALLEY

Imperial Valley is a flat, northerly sloped irrigated valley established in the early 1900s, consisting of 462,359 irrigated acres. This valley lies directly north of the Mexican Border, west of Arizona, east of San Diego County, and south of Riverside County. Like the Coachella and Palo Verde Valleys, Imperial Valley benefits from low cost surface water coming from the nearby Colorado River. The Imperial Irrigation District (IID) is the provider at a current cost of \$20 per acre-foot. Typical water usage is six to eight acre-feet per acre.

The market participants in the Imperial Valley can be divided into four groups: local farmers, well established regional growers, and packers and shippers of winter vegetables and other produce. Previously solar energy developers were active; however, their activity has declined significantly because IID's renewable energy needs are believed to have been largely satisfied.

In 2017, 40 farmland tracts sold, representing an increase from 2016, when 25

farm transactions closed. There were 25 sales in 2015 and 2014, 40 sales in 2013, 46 sales in 2012, and 42 in 2011. There were 15 sales at or above \$12,000 per acre in 2017, indicating strong activity at the top end of the market. In contrast to 2016, there were very few large sales in 2017 – only one transaction exceeded 1,000 acres—and the 40 farms that sold averaged just over 200 acres.

The sales that took place in the past year largely involved local farmers, though agricultural investors from other regions of California were also active, some of whom were looking to place 1031 exchange funds. There is significant price discrimination between classes of land. Prices paid for produce-quality land have been strong, with better quality land prices ranging from \$12,000 to \$15,000+ and clustering around \$12,500 to \$13,500 per acre. Average quality land has also been steady with purchase prices ranging from \$8,500 to \$12,000 and clustering around \$10,000 to \$11,000 per acre. Limited adaptabil-

ity land has been limited, ranging from \$6,000 to \$8,500 per acre. The past year saw the highest quality properties continue to generate significant interest, while the mid- and lower- tiers of land experienced increasing marketing times, though transactions still occurred for fairly priced tracts.

PALO VERDE VALLEY

The Palo Verde Valley is located in eastern Riverside County along the Colorado River basin. The valley is approximately 29 miles long (north to south) and has a maximum width of about 15 miles. Hot summers, mild winters, and very little rainfall characterize this desert climate. By far the most valuable commodity produced in the valley is alfalfa, with other forage crops, cotton, small grains, broccoli, leafy vegetables, and melons also being commonly planted.

2017 saw slightly fewer transactions take place, though the Irvine Ranch Water District and a few other market partici-

pants completed purchases. Generally, the previously seen value tiers have remained stable, with non-speculative farm buyers paying in the range of roughly \$11,000 to \$17,000 per water toll acre. Water district buyers have been at the higher end, in the mid- to high teens per water toll acre range. Rental rates have not tracked upward as land values increased, leading to extremely low capitalization rates that indicate the buyers currently active in the marketplace are limited to owner-users or speculators rather than investors who expect a cash flow that is sufficient enough to justify the investment.

In a 2005 agreement, Metropolitan Water District of Southern California (MWD) negotiated with Palo Verde Irrigation District (PVID) in Blythe to fallow up to 35% of the Valley's farmland for 35 years. This equitable agreement pays farmers for Colorado River water that would have been used for farming in the area and transfers the water to MWD for urban use in Southern California. The MWD following payment for the 2017-2017 year is \$809.64 per water toll acre.

In September 2017, PVID filed a lawsuit against MWD centered around the 2015 purchase of over 12,000 acres of farmland in the Valley as well as the district's leasing practices. This lawsuit has created some uncertainty regarding values in the local market since it is likely, at least in the near-term, to adversely impact the buying activity of those water districts who were largely responsible for the upward value pressure that was present since 2015.

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VALUES: LAND AND LEASE

LAND USE	VALUE PER ACRE	ACTIVITY/TREND	RENT RANGE	ACTIVITY/TREND
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WESTERN RIVERSIDE & SAN BERNARDINO COUNTIES

Dairies: San Jacinto	\$150,000 - \$500,000	None/Stable	\$8 - \$10/MC/Mo	Limited/Stable
Dairies: Chino	\$150,000 - \$500,000	Limited/Stable	\$7 - \$10/MC/Mo	Very Limited/Stable
Citrus	\$10,000 - \$20,000	None/Stable	30% - 40% Share	Very Limited/Stable
Wine Grapes	\$50,000 - \$100,000	Limited/Stable	\$500 - \$700	Limited/Stable

SAN DIEGO COUNTY

Citrus	\$10,000 - \$28,000	Limited/Stable	30% - 40% Share	Limited/Stable
Avocados*	\$10,000 - \$25,000	Limited/Stable	30% - 40% Share	Limited/Stable
Cropland	\$25,000 - \$60,000	Limited/Stable	\$350 - \$2,000/Ac	Limited/Stable

*Includes Southwestern Riverside County

COACHELLA VALLEY

Citrus	\$20,000 - \$28,000	Limited/Stable	30% - 40% Share	Very Limited/Stable
Dates	\$25,000 - \$40,000+	None/Stable	\$400 - \$600	Very Limited/Stable
Table Grapes	\$25,000 - \$30,000	Limited/Stable	\$500 - \$700	Very Limited/Stable
Open Land	\$18,000 - \$30,000	Limited/Stable	\$350 - \$500	Very Limited/Stable

PALO VERDE VALLEY

Irrigated Field Crops	\$11,000 - \$17,000**	Limited/Stable	\$200 - \$350	Limited/Stable
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**\$/Water Toll Acre

IMPERIAL VALLEY

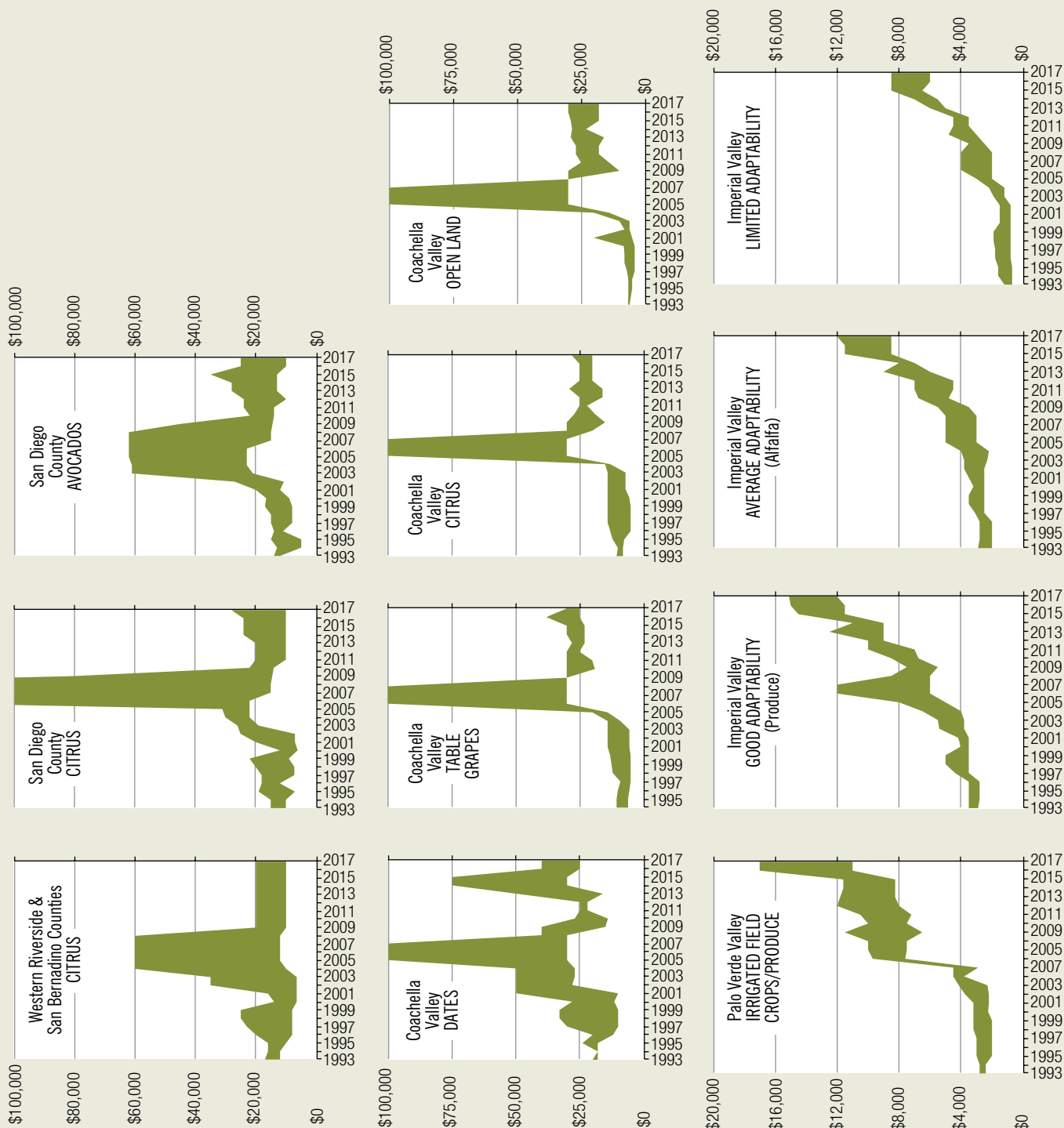
Good Adaptability (Produce)	\$12,000 - \$15,000	Strong/Increasing	\$350 - \$550	Limited/Stable
Average Adaptability (Alfalfa)	\$8,500 - \$12,000	Strong/Increasing	\$250 - \$400	Limited/Stable
Limited Adaptability	\$6,000 - \$8,500	Strong/Increasing	\$175 - \$250	Limited/Stable

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HISTORICAL VALUE RANGE per acre

LAND USE	CITRUS	DAIRIES	WINE GRAPES
WESTERN RIVERSIDE AND SAN BERNARDINO COUNTIES			
2017	\$10,000 - \$20,000	\$150,000 - \$500,000	\$50,000 - \$100,000
2016	\$10,000 - \$20,000	\$150,000 - \$500,000	\$50,000 - \$100,000
2105	\$10,000 - \$20,000	\$180,000 - \$500,000	\$45,000 - \$90,000
2014	\$10,000 - \$20,000	\$188,000 - \$475,000	\$45,000 - \$90,000
2013	\$10,000 - \$20,000	\$90,000 - \$250,000	\$35,000 - \$70,000
2012	\$10,000 - \$20,000	\$65,000 - \$250,000	\$35,000 - \$70,000
2011	\$10,000 - \$20,000	\$65,000 - \$170,000	\$35,000 - \$70,000
LAND USE	CITRUS	CROPLAND	AVOCADOS
SAN DIEGO COUNTY			
			(includes Southwestern Riverside)
2017	\$10,000 - \$28,000	\$25,000 - \$60,000	\$10,000 - \$25,000
2016	\$10,000 - \$24,000	\$25,000 - \$60,000	\$10,000 - \$25,000
2015	\$10,000 - \$24,000	\$40,000 - \$60,000	\$13,000 - \$35,000
2014	\$10,000 - \$24,000	\$40,000 - \$60,000	\$13,000 - \$28,000
2013	\$10,000 - \$20,000	\$40,000 - \$60,000	\$13,000 - \$28,000
2012	\$10,000 - \$20,000	\$40,000 - \$55,000	\$10,000 - \$24,000
2011	\$10,000 - \$20,000	\$40,000 - \$60,000	\$14,000 - \$24,000
LAND USE	CITRUS	DATES	TABLE GRAPES
COACHELLA VALLEY			
2017	\$20,000 - \$28,000	\$25,000 - \$40,000	\$25,000 - \$30,000
2016	\$20,000 - \$25,000	\$25,000 - \$40,000	\$25,000 - \$38,000
2015	\$20,000 - \$25,000	\$30,000 - \$75,000	\$23,000 - \$30,000
2014	\$20,000 - \$25,000	\$30,000 - \$75,000	\$23,000 - \$30,000
2013	\$16,000 - \$29,000	\$16,000 - \$50,000	\$23,000 - \$28,000
2012	\$16,000 - \$25,000	\$22,000 - \$25,000	\$25,000 - \$30,000
2011	\$22,000 - \$25,000	\$22,000 - \$25,000	\$20,000 - \$30,000
LAND USE	IRRIGATED FIELD CROPS (per water toll acre)	GOOD ADAPTABILITY (Produce)	AVERAGE ADAPTABILITY (Alfalfa)
PALO VERDE VALLEY			
		IMPERIAL VALLEY	LIMITED ADAPTABILITY
2017	\$11,000 - \$17,000	\$12,000 - \$15,000	\$8,500 - \$12,000
2016	\$11,000 - \$17,000	\$11,500 - \$15,000	\$8,500 - \$11,500
2015	\$8,250 - \$11,600	\$11,500 - \$14,500	\$8,500 - \$11,500
2014	\$8,250 - \$11,600	\$9,000 - \$11,000	\$7,000 - \$8,000
2013	\$8,250 - \$11,800	\$9,000 - \$12,500	\$6,000 - \$9,000
2012	\$9,000 - \$12,000	\$9,000 - \$10,000	\$4,500 - \$7,000
2011	\$7,200 - \$10,500	\$7,000 - \$10,000	\$4,500 - \$7,000



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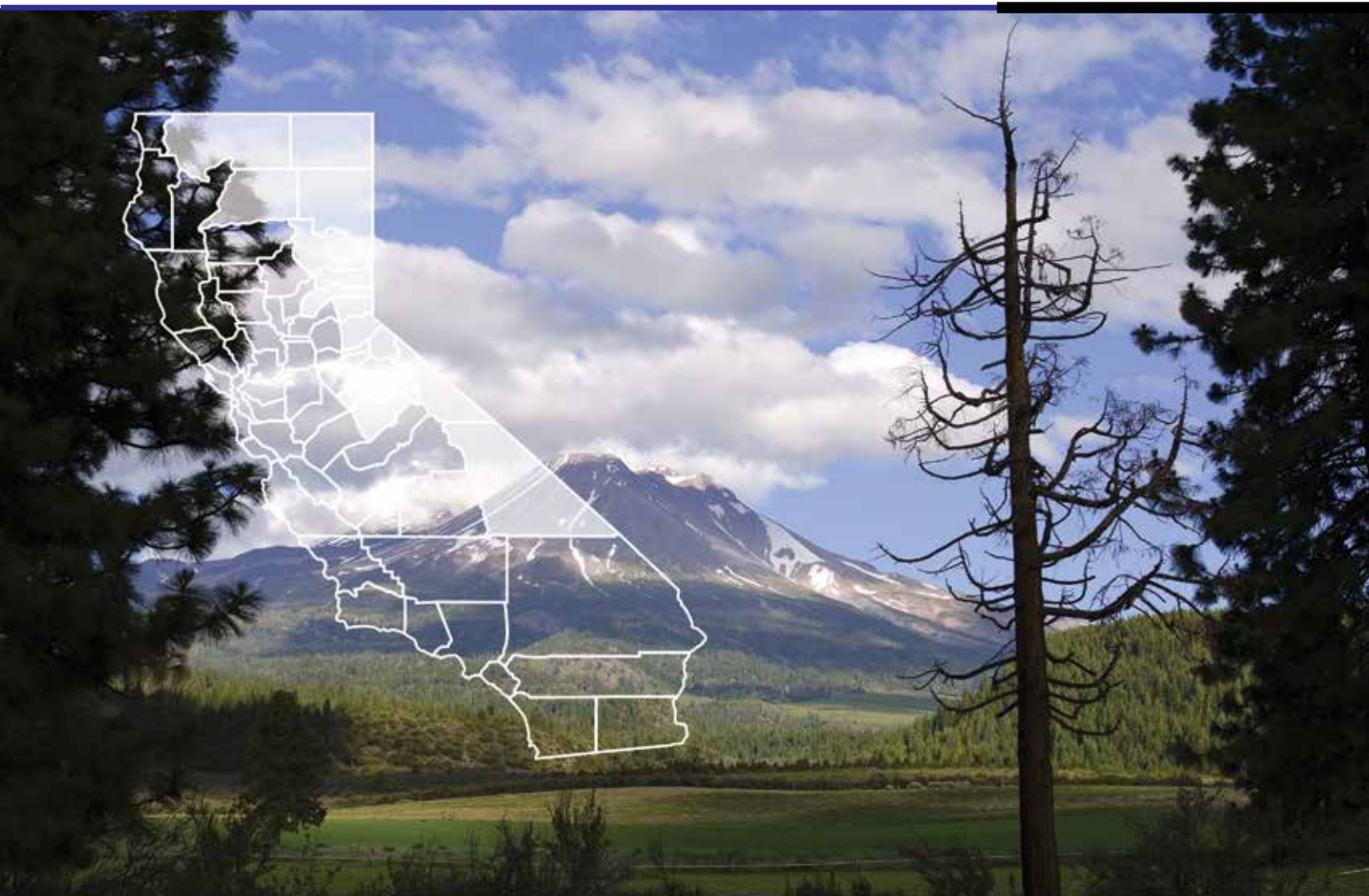
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MODOC | MONO | NEVADA | PLACER (EAST) | PLUMAS | SHASTA | SIERRA | SISKIYOU | TUOLUMNE



Northern Inter-Mountain Valleys

LASSEN, MODOC, SHASTA & SISKIYOU COUNTIES

Located in northeastern California, the leading commodities for the Northern Inter-mountain Valleys in order of value are forage (primarily alfalfa), cattle and calves, nursery stock (primarily strawberries), vegetables (primarily potatoes and onions), timber, wild rice, and grains. Walnuts are also a fairly new crop being grown in Shasta County, having a slight increase in planted acreage due to stabilizing commodity prices in 2017. There is currently average to good demand throughout for irrigated farms and livestock grazing. Time on market for both property types has lengthened. Commodity prices have decreased substantially from the highs seen over the previous 3-5 years with cattle prices experiencing a 40% decline and the hay market also seeing a decrease of up to 30-35% in 2016, with an upward trend in cattle and hay prices in 2017. The demand for farms and ranches hasn't diminished as demand for forage and the ability to control it seem to be major factors in the market, with limited sale activity as there are not a lot of average-quality or better offerings presented. Overall, this market area appears stable with a limited number of sales.

In the past, the surrounding forestlands in this region provided timber for the many saw mills in operation throughout the region. The decline in the timber industry began in the mid 1990's due to the placing of the California Spotted Owl on the sensitive species list and the resulting reductions in federal timber sales. Lumber prices softened and volume dropped dramatically after the housing crash of 2008. These two factors resulted in the closure of most of the smaller mills in Northern California and Southern Oregon and the loss of many timber-related jobs. Timber prices increased in most classes in 2017. Sales of timber parcels in the area are usually limited with extended marketing periods as well.

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

Tulelake is situated in the agricultural district known as the Klamath Basin in the northeastern portion of California and extends into south-central Oregon. Historically, the principal crops grown in this area are cereal grains, alfalfa hay, irrigated pastures for beef cattle, onions, potatoes, and grass seed. More recently, mint, garlic, and fresh market carrots have also been planted. The area is noted for the production of potatoes and malting barley. Irrigation water has been at the forefront 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. In 2001 emergency State and Federal grants provided money to drill supplemental wells and as of 2004 nine wells were completed and able to serve approximately 25% of the total lands irrigated. Due to the wells' location and capacity, not all the farms in the basin have access to water from these wells. Several private wells have also been drilled and can supplement small areas. 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. More recently, the Klamath Tribe made a call on the water as early as Spring 2017 which impacted the upper basin irrigators throughout the summer. 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 were alfalfa hay, irrigated pasture for beef cattle, cereal grains, and potatoes. More recently potatoes have been replaced by the growing of strawberry sets with the right type of soils and infrastructure. Strawberry nursery production has recently become one of the county's most valuable crops with plants exported to 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 are seen as stable during the past year with very limited sales activity. Timber production has also tapered off.

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 are alfalfa hay, irrigated pasture for beef cattle, cereal grains, and dry pasture. Timber production has tapered off as in the other sub-markets. A key attribute of this market area is the abundant supply of federal rangeland available for a relatively low cost; fertile bottomlands; and 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 are alfalfa hay, irrigated pastures for beef cattle, cereal grains, and wild rice. The surrounding forestlands provide timber and support several saw mills in the area. More recently, mint, garlic, and strawberry sets have been also 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.

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RANGELAND

Prior to the downturn in the economy, the rangeland market was influenced by buyers looking for ranches for recreational, retreat, and home site purposes. At the present time, the demand from these types of buyers has decreased. There was very limited sales activity in most of the market area in 2017, and the very limited sales that did occur indicated stable prices. During the mid-2000's, values of rangeland ranches were being driven by 1031 exchange transactions, primarily by outside investors and not livestock producers. This type of transaction has slowed due to other weak sectors of the economy. At the same time, there appears to be some interest from livestock producers in purchasing large ranches at current listed prices, with no justification for a positive return.

East Placer County

IRRIGATED CROPLAND/RICE GROUND

There are limited areas in the eastern portion of Placer County that are suitable for these uses. Land values have remained stable with very limited sales 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.



California Water & Irrigation District Maps

Full color maps provide coverage of California Water, Irrigation and Reclamation Districts from Shasta to Tehachapi. Maps include roads, sections, townships and ranges with easy to read county outlines and water district boundaries. Water District contact information is also included.

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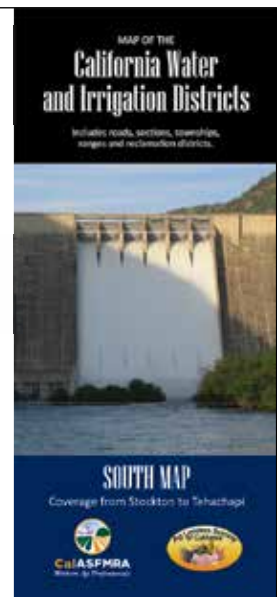
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VALUES: LAND AND LEASE

LAND USE	VALUE PER ACRE	ACTIVITY / TREND	RENT RANGE	ACTIVITY / TREND
<u>NORTH INTERMOUNTAIN VALLEY AREAS (Lassen, Modoc, Shasta, Siskiyou Counties)</u>				
Strawberry Ground	\$5,000 - \$6,000	Limited/Stable	\$400 - \$600	Limited/Stable
Irrigated Crop/Good Quality Acreage	\$2,500 - \$4,500	Limited/Stable	\$175 - \$250	Limited/Stable
Meadow/Irrigated Pasture	\$2,000 - \$2,500	Limited/Stable	\$20 - \$30/AUM	Limited/Stable
Dry Pasture	\$400 - \$1,000	Limited/Stable	\$10 - \$20/AUM	Limited/Stable
<u>SIERRA VALLEY</u>				
Irrigated Crop/Good Quality Acreage	\$2,500 - \$5,000	None/Stable	Insufficient Data	None/Stable
Meadow/Irrigated Pasture	\$2,500 - \$3,500	Limited/Stable	\$20 - \$30/AUM	None/Stable
Dry Pasture	\$1,000 - \$2,500	Limited/Stable	\$10 - \$20/AUM	None/Stable
<u>PITTVILLE/McARTHUR</u>				
Irrigated Crop Acreage	\$4,000 - \$8,500	Limited/Stable	\$250 - \$350	Limited/Stable
<u>NORTH INTERMOUNTAIN CATTLE RANCHES Value pre Animal Unit (Lassen, Modoc & portion of Siskiyou Counties)</u>				
Inside Operation (0-15% Public)	\$5,000 - \$7,000	Limited/Stable	\$125-\$200/AU	Limited/Stable
Range Operation (>15% Public)	\$3,000 - \$5,000	Limited/Stable	\$100 - \$150/AU	Limited/Stable
<u>PLUMAS, EAST PLACER, SIERRA, NEVADA & ALPINE COUNTIES</u>				
Rangeland	\$1,000 - \$2,000	Limited/Stable	\$15 - \$35/AUM	Limited/Stable
Irrigated Cropland/Rice Ground (Placer)	\$7,000 - \$8,000	Limited/Stable	N/A	Limited/Stable
<u>EAST EL DORADO, AMADOR & CALAVERAS COUNTIES</u>				
Rangeland	\$1,000 - \$2,000	Limited/Stable	\$15 - \$35/AUM	Limited/Stable
<u>TUOLUMNE, MARIPOSA, MONO & INYO COUNTIES</u>				
Rangeland	\$1,000 - \$2,000	Limited/Stable	\$15 - \$35/AUM	Limited/Stable

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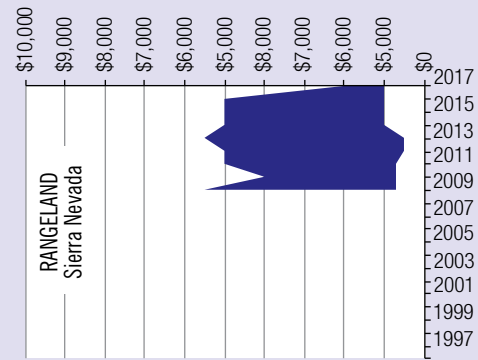
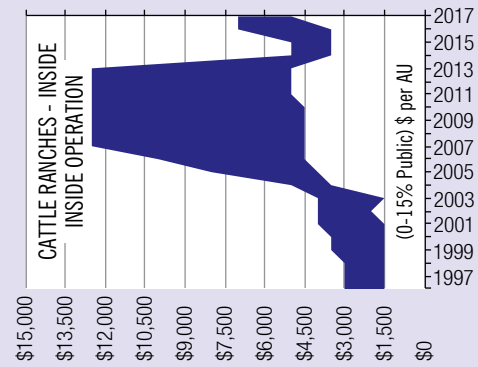
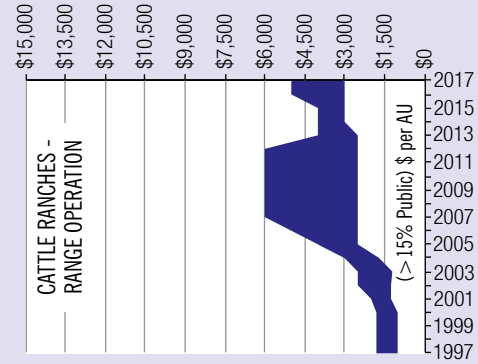
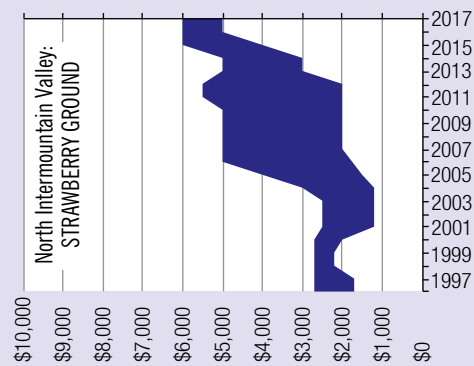
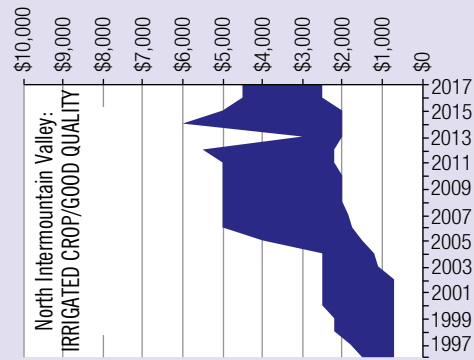
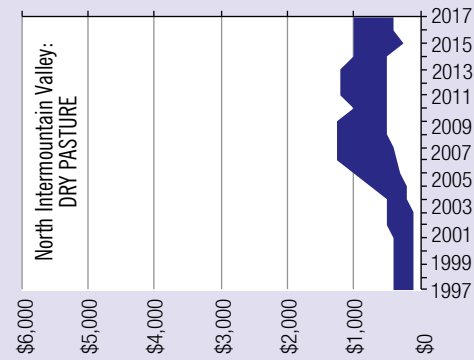
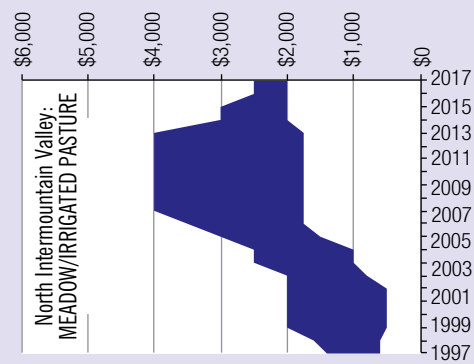
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HISTORICAL VALUE RANGE per acre

LAND USE	STRAWBERRY GROUND	IRRIGATED CROP/ GOOD QUALITY ACREAGE	MEADOW/ IRRIGATED PASTURE	DRY PASTURE	
NORTH INTERMOUNTAIN VALLEY AREAS (Lassen, Modoc, Shasta & Siskiyou Counties)					
2017	\$5,000 - \$6,000	\$2,500 - \$4,500	\$2,000 - \$2,500	\$400 - \$1,000	
2016	\$5,000 - \$6,000	\$2,500 - \$4,500	\$2,000 - \$2,500	\$400 - \$1,000	
2015	\$4,000 - \$6,000	\$2,000 - \$5,000	\$2,000 - \$3,000	\$250 - \$1,000	
2014	\$3,000 - \$5,000	\$2,000 - \$6,000	\$2,000 - \$3,000	\$500 - \$1,000	
2013	\$3,000 - \$5,000	\$2,000 - \$3,000	\$1,750 - \$4,000	\$500 - \$1,200	
2012	\$2,000 - \$5,500	\$2,200 - \$5,500	\$1,750 - \$4,000	\$500 - \$1,200	
2011	\$2,000 - \$5,500	\$2,200 - \$5,000	\$1,750 - \$4,000	\$500 - \$1,200	
LAND USE	IRRIGATED CROP GOOD QUALITY ACREAGE	MEADOW/ IRRIGATED PASTURE	DRY PASTURE	IRRIGATED CROP ACREAGE	
SIERRA VALLEY					
2017	\$2,500 - \$5,000	\$2,500 - \$3,500	\$1,000 - \$2,500	<u>PITTVILLE/McARTHUR</u> \$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	IRRIGATED CROPLAND/ RICE GROUND				
RANGELAND					
PLUMAS, E. PLACER, SIERRA, NEVADA & ALPINE CO					
2016	\$1,000 - \$2,000	<u>EAST PLACER</u> \$7,000 - \$8,000			
2015	\$1,000 - \$4,000	\$7,000 - \$8,000			
2014	\$1,000 - \$4,000	\$7,000 - \$8,000			
2013	\$500 - \$5,000				
2012	\$500 - \$4,500				
2011	\$1,000 - \$4,500				
LAND USE	RANGELAND		RANGELAND	INSIDE OPERATION 0-15% Public	INSIDE OPERATION (>15% Public)
<u>EL DORADO, AMADOR & CALAVERAS CO</u>		<u>TUOLUMNE, MARIPOSA, MONO & INYO CO</u>		<u>CATTLE RANCHES (\$ per AU)</u>	
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
2014	\$1,000 - \$5,000	\$1,000 - \$3,500		\$3,500 - \$5,000	\$3,000 - \$4,000
2013	\$1,000 - \$5,000	\$1,000 - \$3,500		\$3,500 - \$5,000	\$3,000 - \$4,000
2012	\$1,200 - \$5,500	\$1,000 - \$3,000		\$5,000 - \$12,500	\$2,500 - \$4,000
2011	\$1,200 - \$5,500	\$1,000 - \$3,000		\$5,000 - \$12,500	\$2,500 - \$4,000





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REGION NINE | NEVADA



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General Comments

There are numerous valleys rich in agricultural resources across the state of Nevada. Most of these valleys go unseen from highways and roads that traverse the state. Nevada agriculture is directed primarily toward range livestock production. Cattle and calves are the leading agricultural industry. Cow-calf operations predominate with a few stocker operators and feedlots. Nevada's high desert climate is also very 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. Smaller acreages of alfalfa seed, mint, turf grass, fruits and vegetables are grown throughout the state.

Within the State of Nevada, comparable sale activity has been consistent with prior years. There has been relief in drought conditions because of the average winter in 2015/2016 and the above-average winter of 2016/2017. In 2016, alfalfa and cattle prices had softened to levels that were substantially lower than the past few years. Comparable sale data indicates that there have been no effects on real estate values because of the softening in alfalfa and cattle prices in 2016. More recently in 2017, alfalfa and cattle prices have strengthened.

In the Lovelock area water supply concerns were alleviated by the recent wet winter. There was adequate irrigation water from Pershing County Water Conservation District and there is water stored in Rye Patch reservoir to supply irrigation water to the

district for the next two years. There have been a few sales in the Lovelock area that indicate a stable market. In the Fallon area, there have also been some farm sales and sales of water rights that indicate no decline in value. In Mason and Smith Valleys, farm values appear to be stable, based on limited sale activity. The Walker River Restoration Program has had some impact on values in the Mason and Smith Valleys, as water purchases were concluded with some including deeded lands. There have been a few comparable sales of alfalfa farms throughout Nevada that rely solely on pumped ground water, which also indicate a stable market. A few cattle ranch sales have also occurred and the sale prices are similar to the prior year.

Overall, the Nevada agricultural real estate market remained fairly stable throughout 2017.

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VALUES: LAND and LEASE

LAND USE	VALUE PER ACRE	ACTIVITY / TREND	RENT RANGE	ACTIVITY / TREND
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NORTHERN NEVADA IRRIGATED CROPLAND Value per Acre

Lahontan Valley (Fallon)	\$5,500 - \$9,000	Stable/Stable	\$125 - \$200	Limited/Stable
Lovelock	\$2,000 - \$3,000	Limited/Stable	33% Crop Share	Limited/Stable
Mason Valley	\$5,500 - \$8,000	Limited/Stable	\$150 - \$400	Limited/Stable
Smith Valley	\$5,500 - \$8,000	Limited/Stable	\$150 - \$200	Limited/Stable
Carson Valley	\$7,000 - \$10,000	Limited/Stable	N/A	N/A
Orovada	\$3,000 - \$4,000	Limited/Stable	\$100 - \$150	Limited/Stable
Kings River/Silver State Valley	\$3,000 - \$4,000	Limited/Stable	\$100 - \$150	Limited/Stable
Winnemucca Area	\$3,000 - \$3,500	Limited/Stable	\$100 - \$150	Limited/Stable
Elko/Diamond Valley/Reese River Valley	\$2,500 - \$3,000	Limited/Stable	\$100 - \$150	Limited/Stable

NORTHERN NEVADA CATTLE RANCH OPERATIONS Value per AU

Inside Operation	\$5,000 - \$7,000	Limited/Stable	\$100 - \$200	Limited/Stable
Range Operation	\$3,000 - \$5,000	Limited/Stable	\$100 - \$150	Limited/Stable
Desert Operation	\$2,400 - \$3,000	Limited/Stable	\$100 - \$150	Limited/Stable

GRAZING PERMITS Value per AUM

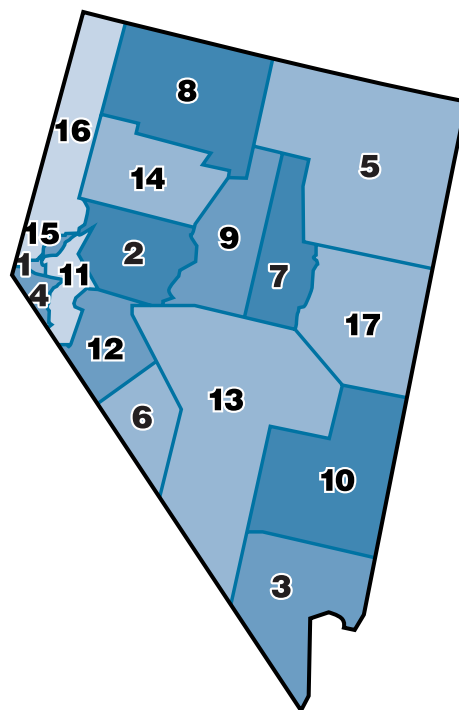
Grazing Permits	\$80 - \$200	Limited/Stable	N/A	None/Stable
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GRAZING LAND Value per Acre

Dry Grazing (Range)	\$100 - \$500	Limited/Stable	N/A	None/Stable
Pasture/Meadow	\$500 - \$2,000	Limited/Stable	\$25 - \$30/AUM	Limited/Stable

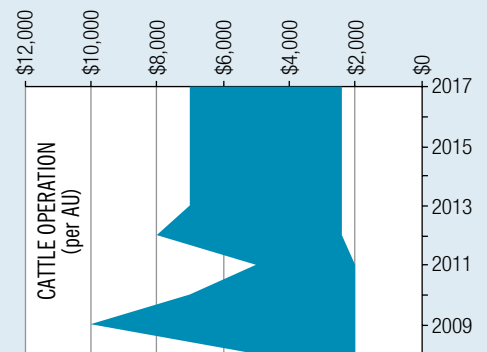
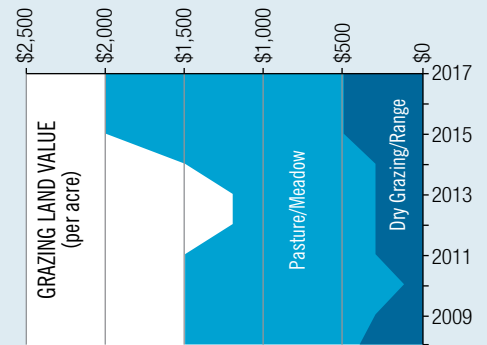
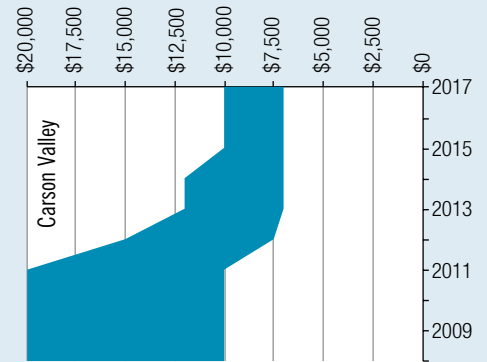
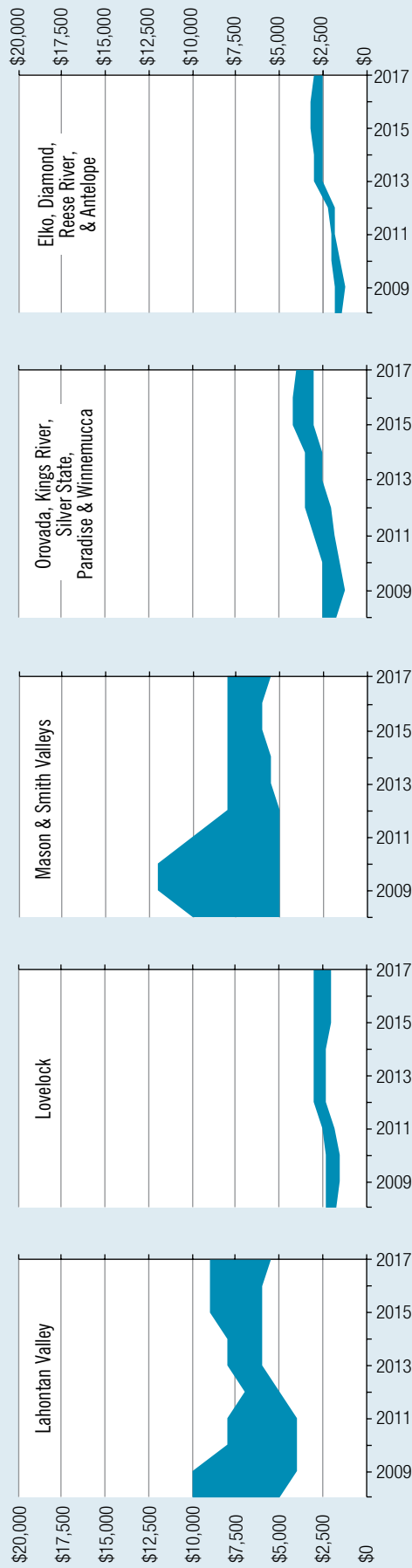
NEVADA AGRICULTURAL COMMODITIES BY COUNTY

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 (FALLOON)	LOVELOCK	MASON VALLEY	SMITH VALLEY	CARSON VALLEY	OROVADA	KINGS RIVER/ SILVER STATE VALLEY	WINNEMUCCA AREA	ELKO, DIAMOND VALLEY, REESE RIVER
<u>NORTHERN NEVADA IRRIGATED CROPLAND</u>									
2017	\$5,500 - \$9,000	\$2,000 - \$3,000	\$5,500 - \$8,000	\$5,500 - \$8,000	\$7,000 - \$10,000	\$3,000 - \$4,000	\$3,000 - \$4,000	\$3,000 - \$3,500	\$2,500 - \$3,000
2016	\$6,000 - \$9,000	\$2,000 - \$3,000	\$5,500 - \$8,000	\$5,500 - \$8,000	\$7,000 - \$10,000	\$3,500 - \$4,200	\$3,500 - \$4,200	\$3,000 - \$3,500	\$2,500 - \$3,200
2015	\$6,000 - \$9,000	\$2,000 - \$3,000	\$6,000 - \$8,000	\$6,000 - \$8,000	\$7,000 - \$10,000	\$3,500 - \$4,200	\$3,500 - \$4,200	\$3,000 - \$3,500	\$2,500 - \$3,200
2014	\$6,000 - \$8,000	\$2,300 - \$3,000	\$5,500 - \$8,000	\$5,500 - \$8,000	\$7,000 - \$12,000	\$3,000 - \$3,500	\$2,500 - \$3,500	\$2,500 - \$3,000	\$2,500 - \$3,000
2013	\$6,000 - \$8,000	\$2,300 - \$3,000	\$5,500 - \$8,000	\$5,500 - \$8,000	\$7,000 - \$12,000	\$3,000 - \$3,500	\$2,500 - \$3,500	\$2,500 - \$3,000	\$2,500 - \$3,000
2012	\$5,000 - \$7,000	\$1,800 - \$2,500	\$5,000 - \$7,500	\$5,000 - \$8,000	\$7,500 - \$15,000	\$2,000 - \$3,500	\$2,000 - \$3,500	\$2,000 - \$3,500	\$1,800 - \$2,200
2011	\$4,000 - \$8,000	\$1,500 - \$2,300	\$5,000 - \$10,000	\$5,000 - \$10,000	\$10,000 - \$20,000	\$1,800 - \$3,000	\$1,800 - \$3,000	\$1,800 - \$3,000	\$1,800 - \$2,000
LAND USE	INSIDE OPERATION	RANGE OPERATION	DESERT OPERATION						
<u>NORTHERN NEVADA CATTLE RANCH OPERATIONS (VALUE PER AU)</u>									
2017	\$5,000 - \$7,000	\$3,000 - \$5,000	\$2,400 - \$3,000						
2016	\$5,000 - \$7,000	\$3,000 - \$5,000	\$2,400 - \$3,000						
2015	\$5,000 - \$7,000	\$2,500 - \$5,000	\$2,400 - \$3,000						
2014	\$5,000 - \$7,000	\$3,000 - \$5,000	\$2,400 - \$3,000						
2013	\$5,000 - \$7,000	\$3,000 - \$5,000	\$2,400 - \$3,000						
2012	\$5,000 - \$8,000	\$3,000 - \$5,000	\$2,400 - \$3,000						
2011	\$5,000 - \$1,000	\$2,000 - \$5,000	\$2,000 - \$3,000						
LAND USE	GRAZING PERMITS								
<u>GRAZING PERMITS (VALUE PER AUM)</u>									
2017	\$80 - \$200								
2016	\$80 - \$200								
2015	\$80 - \$200								
2014	\$80 - \$120								
2013	\$80 - \$120								
2012	\$75 - \$120								
2011	\$80 - \$150								
LAND USE	DRY GRAZING (RANGE)	PASTURE/MEADOW							
<u>GRAZING LAND VALUE PER ACRE</u>									
2017	\$100 - \$500	\$500 - \$2,000							
2016	\$100 - \$500	\$500 - \$2,000							
2015	\$100 - \$500	\$1,000 - \$2,000							
2014	\$100 - \$300	\$500 - \$1,500							
2013	\$100 - \$300	\$500 - \$1,200							
2012	\$75 - \$300	\$500 - \$1,200							
2011	\$75 - \$300	\$500 - \$1,500							



continued from page 4

management of agricultural properties. ASFMRA is the only appraisal organization that offers a curriculum specifically based on the appraisal and management of agricultural real estate.

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% 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.

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

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.

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

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

CCID: Central California Irrigation District (Exchange Contractor District).

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.

DOV—Dried on the Vine: A manner in which raisin grapes are harvested which allows for their drying while they remain on the vine instead of being separated from the vine and laid on trays on the ground. Typically require upgraded trellis systems.

ENID: El Nido Irrigation District (Merced County).

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

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

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

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.

Free Tonnage: Raisin tonnage received by a handler, for which the only Federal marketing order regulation is a minimum quality or size standard.

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.

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

IID: Imperial Irrigation District. IID delivers water to over 450,000 acres of highly productive farmland in southernmost Southern California.

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

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.

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.

Nonpareil: The premier almond variety in California.

OID: Oakdale Irrigation District.

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

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

Palo Verde Irrigation District (PVID): A privately developed district located in Riverside and Imperial Counties, California near and around Bythe, California. Water for irrigation is diverted from the Colorado River at the Palo Verde Diversion Dam.

Perfected Water Rights: Generally, water rights that are established, documented, and approved by the California State Water Resources Control Board.

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/neighbor acreage.

Premiumization: The move towards more expensive premium products.

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.

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

Reserve Tonnage: The raisin tonnage set aside as authorized by a Federal marketing order.

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.

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

SLCC: San Luis Canal Company (Exchange Contractor District).

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.

Stable: Firmly established.

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

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

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

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

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

Topography: Elevation(s) or contour of land.

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

Trophy Properties: Properties that are typically purchased as much for the status of owning them as for their capacities to produce a profit or support a certain lifestyle.

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

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.

Vinardist: 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.



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