



TRENDS[®] 2022



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2022 TRENDS®

in Agricultural Land & Lease Values

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About ASFMRA

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

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

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

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

California Chapter, ASFMRA

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

Mission of the California Chapter, ASFMRA

Empowering agricultural property professionals with education and expertise to provide premier valuation, management and consulting services.

Friends Of The Chapter

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

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





Message from the President

The California Chapter of the American Society of Farm Managers and Rural Appraisers is pleased to present to you the 2022 issue of *Trends® in Agricultural Land & Lease Values* (Trends®). This year represents the 33rd anniversary of this highly regarded and sought-after

publication, incorporating data and research compiled by local experts and your peers in the various regions of California and Nevada.

After eight successful years at the helm, the chairmanship of Trends® was handed off this year from Janie Gatzman, ARA and Tiffany Holmes, ARA, to Todd Combs, ARA and Josh Mendrin. Some of the Region Chairs have changed but the emphasis has been, and always will be, on local experts providing regional narratives and data to provide a realistic look at the market and rents that are used by appraisers, farm managers, consultants, investors, lenders, agribusiness, and others involved in rural real estate.

The 2022 Outlook Conference, where Trends® is initially released, will feature in-person break-out sessions for the various regions offering a more in depth look at what is happening in the different geographic areas. Recognized as California's Premiere Agribusiness Conference, you can always count on an agenda filled with exceptional speakers and topics.

We'd be remiss without mentioning our sponsors, who are instrumental in enabling us to produce this highly respected publication. You will find the list of our Trends® sponsors near the front of the book. Please join us in giving them a genuine thank you for their support.

Thank you for supporting the California Chapter, ASFMRA. We hope you find the 2022 Trends® to meet your expectations and encourage you to share this resource with others. We would like to extend an invitation to learn more about us at www.calasfmra.com for education, contacts, job opportunities and a whole host of information. Maybe you will want to become a member of this highly respected organization. You truly will not be sorry you joined!

Additional information can be obtained by calling Suzie Roget, Executive Vice President at (209) 368-3672 or info@calasfmra.com. We welcome any comments and questions you may have!

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WELCOME

A Message from the 2022 Trends® Co-Chairs

Welcome to the 2022 *Trends® In Agricultural Land and Lease Values*, now in its 33rd year of publication. We thank you for your interest in the premier publication of annual agricultural land and lease value trends for California and Nevada. Special thanks to Janie Gatzman, ARA and Tiffany Holmes, ARA, who have led this publication for the last eight years and have been very gracious with their time and expertise to make this a smooth transition. We are honored to co-chair this publication.



Each year, countless hours of effort go into putting this publication together from volunteers throughout California and Nevada. We would like to recognize and thank our regional chairs; Kyle Dalrymple, Nick Cadigan, MAI, Kary Teagle, ARA, Jamie Bigham, ARA, Kristen Massetti, ARA, Michael Ming, ARA, Allison Clark, ARA, Curtis Buono, ARA, Sara Lockhart, and Michael Merkley, ARA. We would also like to recognize David Bell, ARA for his many years of service as the chair for Region 9. The regional chairs along with their committees provide the raw value data and analysis that form the backbone of this publication. These professionals and their committee members deserve our collective gratitude.

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



The value and lease data presented represents a general range of data for each state market. Specific sales or leases may be present in the market that are higher or lower than the ranges noted but were considered “outliers” by the committee compiling the data. Due to the many factors that characterize agricultural properties in California and Nevada, one should not assume that all of the farms or ranches within a certain area, or of a particular crop, will fall within the ranges shown. Always engage an ASFMRA-trained professional to determine the value or lease rate of a specific agricultural property. Accredited members of the ASFMRA have completed a rigorous training program in the valuation and management of agricultural properties. The ASFMRA is the only appraisal and management organization that offers a curriculum specifically based on agricultural real estate.

Finally, the views and opinions expressed in the articles throughout this publication are those of the authors and do not necessarily reflect the views of the California Chapter of the ASFMRA or its members. This entire publication is copyrighted by California Chapter. All rights reserved. Do not reproduce without the expressed written consent of the California Chapter.

Thank you again for your support, we hope you enjoy the 2022 issue of *Trends®*!

Sincerely,

Todd Combs, ARA and Josh Mendrin
2022 *Trends® in Agricultural Land & Lease Values* Co-Chairs



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STATEWIDE PERSPECTIVE

2021: New Highs and New Lows

Historically, it would be hard to wrap your head around the agricultural land market moving in two different directions at the same time, but we are talking about 2021 and the new normal is inflation, supply chain disruptions, SGMA, multi-year drought conditions, labor shortages, and COVID variants. With this combination of chaos, the market looks for added security when acquiring agricultural land. This begs the question, what characteristics make an agricultural holding more secure? Hopefully this question and more will be answered as we dive into the statewide value trends observed in 2021.

SGMA

Before getting into the land value details, let's get up to speed with the latest Sustainable Groundwater Management Act (SGMA) developments. The passage of SGMA in 2014 set into motion a statewide framework to improve groundwater resources over the long-term. SGMA requires local agencies to form Groundwater Sustainability Agencies (GSAs) for the high and medium priority basins, which then develop and implement Groundwater Sustainability Plans (GSPs) to mitigate overdraft within 20 years. The GSPs for the critically overdrafted medium and high priority basins were submitted in January 2020, while those that were not critically overdrafted were due in January 2022. The State Water Resources Control Board (SWRCB) has two years to respond to each GSP from these dates. Starting in the Summer of 2021 the State started providing feedback that many of the GSPs were inadequate. By January 2022 the State had approved 8 smaller GSPs, while rejecting 13 of the larger GSPs that cover most of the Central and Southern San Joaquin Valley farming regions. The GSAs each have 180 days to address deficiencies noted by the state in their GSPs from the response date.

Even with major milestones reached, such as the formation of GSAs, submission of GSPs, and approvals/rejections of GSPs, there is still much uncertainty regarding both surface water availability and groundwater supply in many areas of the state, especially in the Southern San Joaquin Valley. The next big milestone in SGMA will be finding out if the rejected GSPs will be able to satisfy the deficiencies or if the state will have to step in and determine the path to sustainability. The "SGMA Effect" along with its uncertainty continued to hang over the market in 2021, with varying degrees of impact for both cropland and permanent planting values, some positive and some negative.

Cropland Central Valley

The Central and Northern San Joaquin Valley (Trends Regions 3 and 4) best capture the increasing focus on water security that is driving localized land values to new highs. This is most evident in Region 3, which has greater water security because many water districts and basins found within this region do not forecast punishing groundwater pumping restrictions. This region has also historically offered more reliable surface water deliveries at more economical pricing.

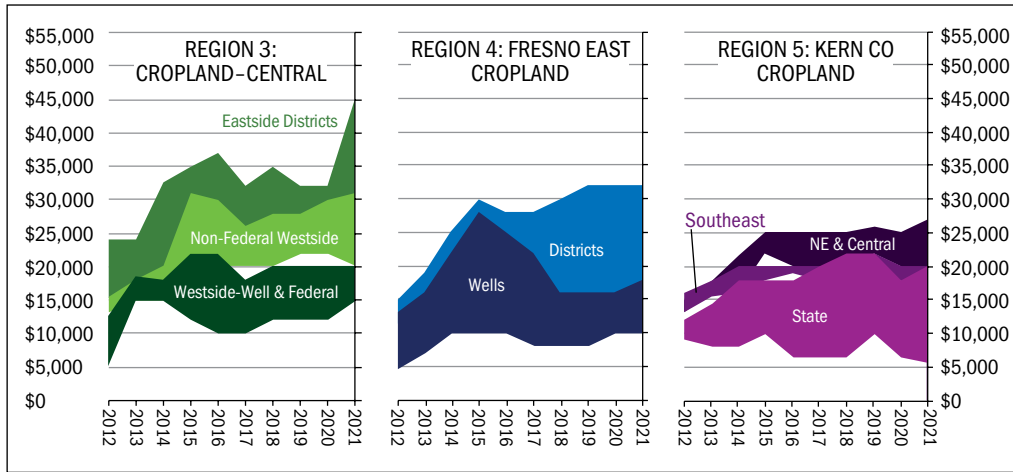
Cropland within southern San Joaquin and Stanislaus counties, more specifically South San Joaquin Irrigation District, Oakdale Irrigation District, Modesto Irrigation District, and Turlock Irrigation District, were notable standouts at the high end of the value range of Region 3 cropland with values ranging from \$24,000 to \$45,000 per acre. It is noted that parcels in these districts tend to be smaller in size, with strong competition with rural residential buyers. Though puritan cropland sales were purchased by farmers throughout this area at the high end of the value range, the bulk of cropland sales



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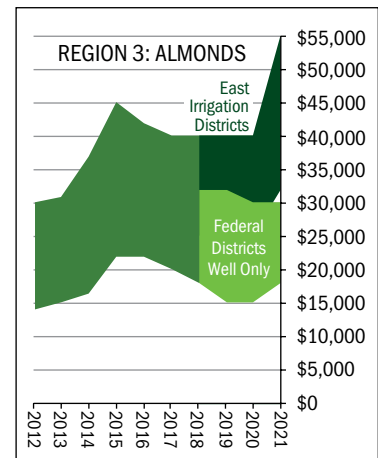


in OID, TID and MID were still from \$30,000 to \$35,000 per acre. High-value pockets in MID and land in SSJID generally exceeded this range, while outlying parcels with less desirable soils or high water tables near the San Joaquin River generally sold for less than \$30,000 per acre.

The cropland values between Regions 3, 4, and 5 are becoming more defined, with two or three sub-markets per region depending mostly on location and water access. 2021 follows a multi-year trend of farmers and institutional investors who have sold and repositioned their lesser water-secure southern San Joaquin Valley land assets into water districts along the eastside of the San Joaquin Valley and farther north into Region 3, areas that offer superior water security. Land in stronger water districts and basins tends to come with lower-cost water supplies of surface water deliveries, in addition to greater groundwater availability long-term, directly influencing the positive value trend of cropland within the two northern Regions (3 and 4). While the more water secure cropland in Regions 3 and 4 support a positive value trend in recent years, cropland in Tulare and Kern county has mostly supported a negative value trend for properties that have limited or no access to surface water deliveries. The above graphs do a great job capturing both the tiered land values between the regions and within each region.

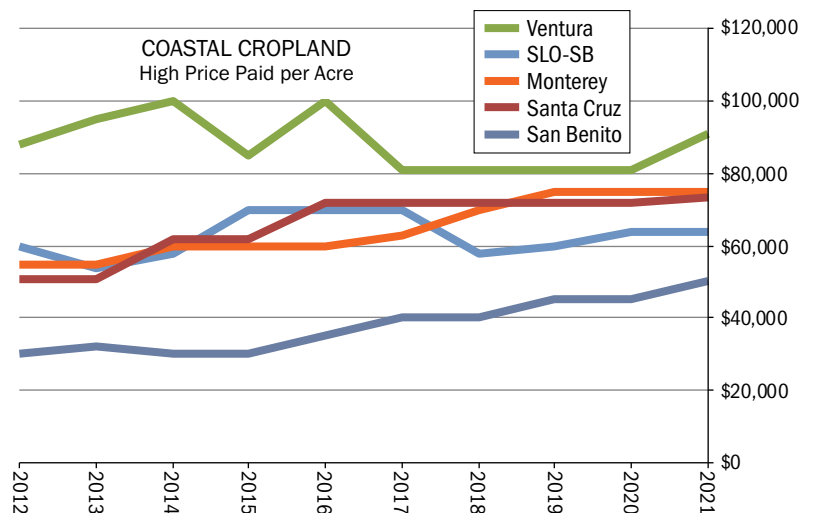
Nut Crops

The almond market is still the primary driver of cropland values through much of the San Joaquin Valley, despite another year of less than favorable pricing to the grower. With approximately 80% of the almonds produced in California headed for export, issues such as logistical delays, shipping disruptions, and unforeseen carrier costs had a notable impact on many processors. Overall, there is long-term optimism in almond commodity prices, which was reflected in mostly stable almond orchard values observed in 2021. The bright spot in the market for almond orchard values comes from Region 3 (Northern San Joaquin Valley), which produces approximately one-third of California’s almonds and has some of the most secure



Coastal Cropland

Along the coastal areas of California, a stable to increasing trend for values of irrigated cropland was observed in 2021. Transactions were few as is typical due to the limited supply of available properties combined with strong demand. There was a continued compression of capitalization rates in purchases of cropland not only by local grower-shipper farming operations, but institutional investors as well. Rental rates were stable and increasing, with the greatest increases seen in the most desirable farming areas.



water positions in the Central Valley. Similar to cropland values, almond orchards have clearly defined sub-markets depending on location and water access. The following graph helps illustrate the clear value trends observed in Region 3 and how the upper-end of each sub-market has moved in different directions, depending primarily on water access. Though parcels tend to be small in the higher-value areas of this region, the high end of the value range was defined by some of both the smallest and largest properties sold in SSJID, MID and TID in 2021.

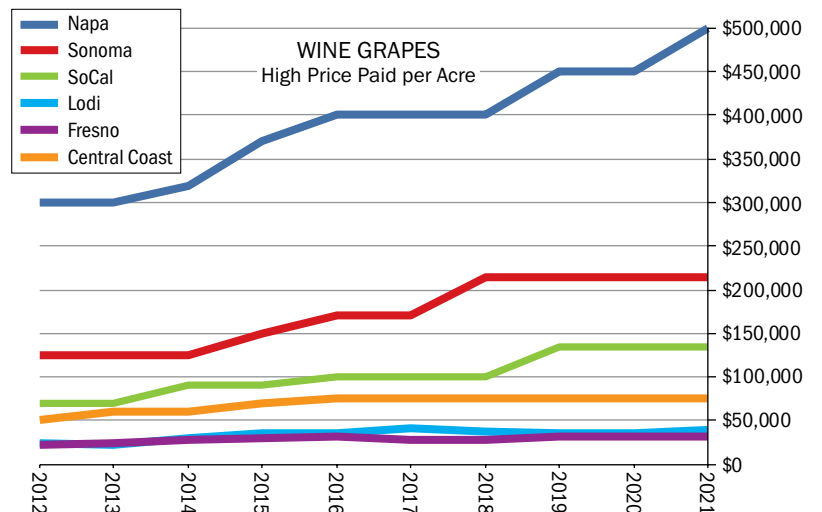
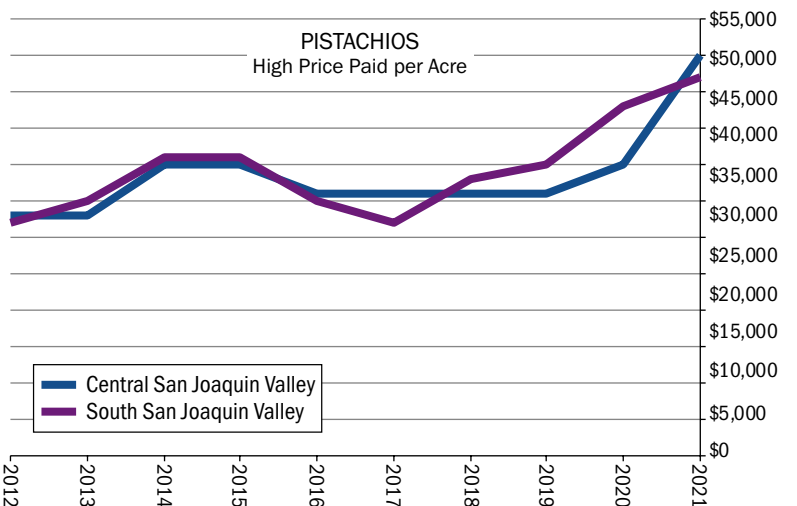
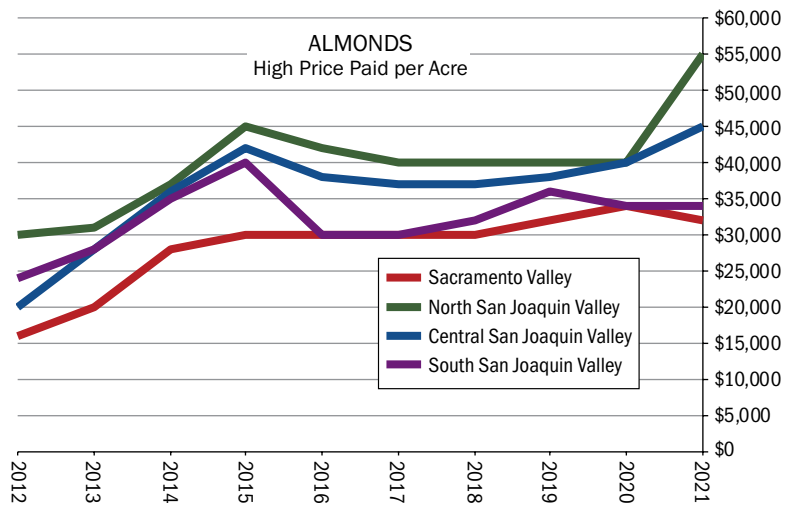
With regard to market pricing in nut crops produced in California, pistachio growers continue to benefit from favorable pricing, which has helped push the value of pistachio orchards to new highs. Increases on the upper end of the value range year over year for Regions 4 and 5 were up to \$55,000 per acre (38%) and \$52,000 per acre (8%), respectively.

Walnuts were met with yet another challenging year of pricing to the grower, with orchard values softening statewide at the upper end of the range.

Wine Grapes

Wine grape vineyards and plantable land values were largely stable throughout the State in 2021, with some positive value trends at the top end of the market in specific regions and some softening observed at the low end of the range in specific regions. Overall, the grape/vineyard market was in a much healthier place going into 2021, compared to the significant headwinds going into the 2020 crop year.

The short crop in 2020 (17% lower than the 10-year average crop size) largely corrected the oversupply issues, with most growers able to secure contracts in 2021 at or above 2020 prices. The Preliminary California Grape Crush report was released on February 10th, 2022 with the total crush up 8.7% from 2020, which makes it feel like a larger crop. Looking closer at the numbers, the 2021 crop size was approximately 8% lower than the 10-year average crop size (2012-2021). Therefore, going into 2022 the grape market has not only corrected, but is showing signs of tighter supplies that are placing upward pressure on grape prices. Furthermore, the stronger grape market going into 2022 has already started showing up on the demand side, with reports of pending vineyard sales at or above market highs in some of the premium Coastal regions. While the demand for wine grapes in the Central Valley is also in a better position going into 2022, grape pricing has



not reached a point where it is outcompeting the economic returns or outlook of almond/pistachio plantings. The improved grape market may in fact slow down the acreage loss of wine grapes in the Central Valley to being redeveloped over to almonds or pistachios.

Key Takeaways

Buyers are placing more weight on water security when acquiring agricultural land in California, especially in the San Joaquin Valley. The long-term outlook for almond orchards in good water areas is generally positive, even with softer commodity prices in recent years. Demand for pistachio orchards is outpacing supply, especially for orchards with multiple sources of water. Cropland values are becoming more defined throughout the San Joaquin Valley, with upward pressure on land located in water districts with strong water rights, low water costs and best delivery histories. Properties

that are solely reliant on pumped groundwater (White Areas) or are located within federal westside irrigation districts experienced water shortages or had poor supply outlooks in 2021, and define the lower end of the range, with a softening value trend. Cropland values throughout the coastal regions have been stable to improving for the last few years, which is expected to continue in 2022. The wine grape market is showing signs of improving vineyard demand, with a tighter grape supply.

When detailed land value and water regulation analysis is necessary, look to the trusted real property professionals of the California Chapter, ASFMRA to guide you through the market challenges and opportunities ahead.

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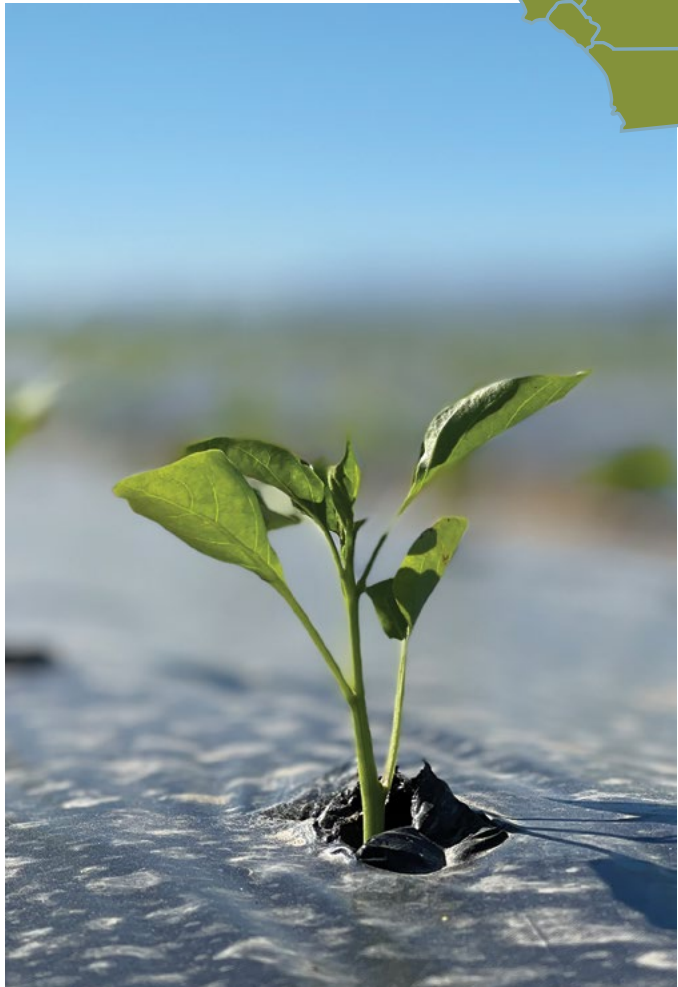
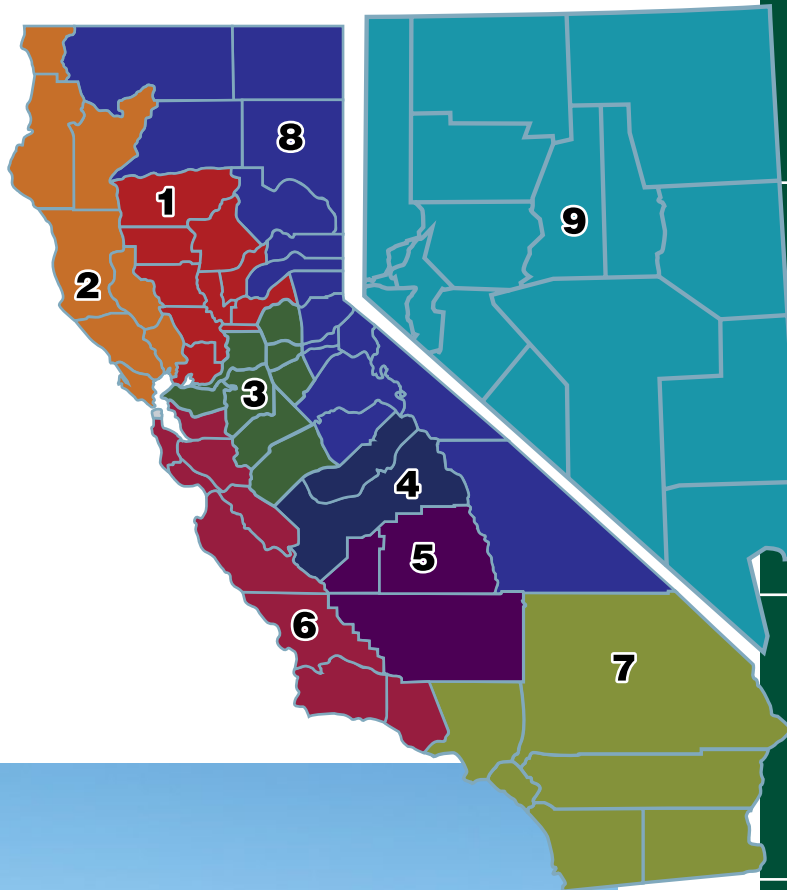
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<p>2</p> <p>NORTH COAST</p> <p>Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, Sonoma and Trinity</p>
<p>3</p> <p>NORTHERN SAN JOAQUIN</p> <p>Amador (West), Calaveras (West), Contra Costa, El Dorado (West), Merced, Sacramento (South), San Joaquin, and Stanislaus</p>
<p>4</p> <p>CENTRAL SAN JOAQUIN</p> <p>Fresno and Madera</p>
<p>5</p> <p>SOUTHERN SAN JOAQUIN</p> <p>Kern, Kings, and Tulare</p>
<p>6</p> <p>CENTRAL COAST</p> <p>Alameda, Monterey, San Benito, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, and Ventura</p>
<p>7</p> <p>SOUTHERN CALIFORNIA</p> <p>Imperial, Los Angeles, Orange, Riverside, San Bernardino, and San Diego</p>
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SACRAMENTO VALLEY



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1



SACRAMENTO VALLEY

General Comments

The Sacramento Valley region experienced moderate sale activity in 2021 as continued elevated agricultural land prices coupled with lower tree commodity prices have eased buyer motivations. Local farming operators' lower levels of working capital as a result of below average orchard returns in recent years has reduced the interest in new property acquisitions. As a result fewer open land purchases with the intent of orchard development were observed in 2021. The overall number of undeveloped acres suitable for new orchard development in the region has greatly diminished over the last decade.

Rice and a number of traditional irrigated crops enjoyed average to above average returns in 2021 which has led to increased demand and subsequently, upward pressure on land values. Irrigated pasture held stable to slightly increasing values, depending on orchard suitability. Areas such as southern Sutter County and western Placer County, historically dominated by irrigated cropland (primarily rice) and dry pasture continue to see new almond and pistachio orchard developments due to strong water supply (both surface water and ground water sources) coupled with relatively low land values (\pm \$10,000/acre to \pm \$18,000/acre). Investment groups and individual investors both continued to play an active role in transactions during 2021.

Dry pasture / winter rangeland ranches continue to illustrate stable to somewhat strengthening land values with the majority of acquisitions by existing cattle operators.

The majority of agricultural land sales in 2021 illustrated stable values, consistent with trends seen through the year prior. This market continues to be primarily driven by permanent planting development, as well as relatively strong water supplies enjoyed by the majority of the region. However, the market continues to see diminishing interest for open land parcels over \pm \$20,000/acre as the lower fruit/nut commodity prices in recent years have eroded financial feasibility for new orchard development at higher land value levels. Acreage suitable for permanent plantings as well as good quality irrigated cropland for rice in this region are expected to remain in demand for the foreseeable future due to the limited supply of land being offered for sale in addition to increased concern for California's Sustainable Groundwater Management Act impending implications.

Water

The Sacramento Valley is known for its availability of dependable and inexpensive irrigation water, a significant factor contributing in stable land values for the majority of the region. The Valley's strong water supply is a direct result of relatively high annual precipitation and large reservoirs to capture summer snow melt. The 2020/2021 precipitation total was well below average for the season with many areas of the Valley receiving less than half of the typical annual rainfall, triggering drought declarations. Additionally, snowfall was also below average with the April 2020 snowpack survey indicating 66% of normal. This resulted in severely curtailed allocations to the federal water districts and even reduced normal deliveries to the exchange contract districts (Glenn-Colusa Irrigation District, Butte Water

District, etc.). The west side of the Valley continues to see some groundwater concerns, primarily along the foothills with the remaining majority of the valley floor considered to have reliable groundwater supplies with limited water level decline.

Irrigated Cropland

Strong demand for virtually all types of irrigated cropland properties in the Sacramento Valley area continued in 2021 with stabilized values observed in the range of \$10,000 to \$20,000 per acre. The market lacks a supply of Class 1 and 2 soil series cropland properties (prime land for orchard development) as large amounts of acreage have already been developed to orchards over the last several years. As a result sale transactions of these properties have been

relatively scarce during 2021. Some buyers are purchasing less productive land or open ground that has been historically farmed to rice for permanent planting development.

Water supply continues to garner increased attention within the Sacramento Valley with those properties holding multiple sources of water beginning to show greater elevated demand. A number of buyers are still active in this market area, primarily consisting of existing out-of-area agricultural operators from regions with more challenging water situations (i.e. southern San Joaquin Valley) that are looking to diversify their portfolio into a more stable water area, in addition to private and institutional investors with a focus on water security.

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Rice

Sales of properties strictly devoted to rice production were again limited in 2021 with increasing values observed primarily between \$9,500 and \$16,500 per acre in the Sacramento Valley, pushed by recent high grower returns. The prime west side Glenn-Colusa Irrigation District and east side Richvale Irrigation District, Butte Water District, Gridley-Biggs Water District and Western Canal Water District areas saw the fewest transactions with a greater number of sales in the lower quality rice growing areas of southern Sutter County and western Placer County, primarily due to their greater permanent planting suitability. Rice commodity prices have strengthened greatly over the last year, from \pm \$14.50/cwt (before loan) for the 2020 crop to \pm \$22.00-\$24.00 (before loan)

for the current 2021 crop. The 2021 crop year experienced very favorable planting conditions due to below average late winter precipitation which allowed for an early start on spring tillage in most areas of the valley. However, following two years of below average precipitation, growers entered the 2021 crop year with overshadowing surface water restrictions. Virtually every water district in the region experienced moderate to significant irrigation water curtailments resulting in a drastic reduction in total rice acreage planted in 2021. Approximately 100,000 acres were left fallow of \pm 25% of the average California crop.

Virtually all demand for rice acreage is consolidated to existing area rice growers looking to expand their operation with some orchardists in search of acreage which may be adaptable to permanent

crops, found primarily on the fringe borders of the traditional rice growing areas. Rice properties with a dependable water source, either from ground water and/or a reliable water district, command prices at the upper end of the market while more marginal rice properties with less reliable irrigation supplies and/or inferior soils comprise the lower end of the range. Properties with strong waterfowl hunting often add to desirability, although do not drive the market nor typically equate to elevated land prices.



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Walnuts

Sales of walnut orchards in the Sacramento Valley were primarily documented in the \$18,000 to \$36,000 per acre range in 2021. The 2021 crop year appears to offer slight relief to walnut growers with modestly improving commodity prices from the \pm \$0.64/pound average received for the 2020 crop to a projected average of \$0.85/pound for the 2021 crop (in-shell Chandlers). This price increase is primarily the result of a much smaller estimated 2021 crop (\pm 670,000 tons) as compared to the record 785,000 tons produced in 2020. Chandlers remain the world market favorite and the most produced variety in California, comprising approximately 50% of the total production, followed by the Howard and Tulare varieties. The new Solano, Durham and Wolfskill varieties continue to garner increased interest due to their precocious yields, high crack out and early harvest. Demand for good quality walnut orchards remains strong in the Sacramento Valley, with significant demand coming from private individuals, institutional investors and large private equity groups. Observed prices appear to have softened slightly over 2020/2021 for good quality orchards while significant value declines have been observed in older or poor quality orchard blocks.

Almonds

Almond production has grown rapidly in Northern California in recent years with Colusa, Glenn, and Yolo Counties leading the growth in the Sacramento Valley region. Improving yields and historically favorable prices have continued to fuel increased new plantings in the area. However, grower returns have been on the decline from the record highs in 2014/2015 (\$3.00-4.00/pound), holding largely stable between 2016 and 2019 (\pm \$2.50/pound) to relatively depressed during 2020 and 2021 with most processors discussing an average of \$2.25/pound for Nonpareils and \$1.70/pound for Independence/pollinators/California varieties.

The top four almond producing counties in the Sacramento Valley are Colusa, Glenn, Yolo and Butte counties which total \pm 200,000 acres and equate to approximately 17% of the total California almond acreage. Leading varieties for existing Sacramento Valley almond acreage include Nonpareil, Butte/Padre, Monterey, Carmel, Independence, and Fritz. The new self-fertile Independence variety has been widely planted in the Sacramento Valley over the last several years and has gained a significant proportion of the total planted acreage. The majority of the Sacramento Valley's non-bearing

almond acreage is in Colusa, Glenn, Butte, and Yolo counties.

The demand for almond orchards is strong in the Sacramento Valley area, due to buyers having a positive long-term outlook on the commodity. With historically favorable economic conditions, relatively few almond properties are marketed resulting in a limited number of consummated sales. Prime orchards are infrequently listed and sell quickly when they become available. Limited sale activity of almond orchards between \$20,000 and \$32,000 per acre indicates stable orchard pricing observed in 2021 with market weakness observed for older orchards with below average production. Sales of young orchards dominate the market at profitable price levels. Expansion of San Joaquin Valley growers into the Sacramento Valley intensified during the most recent drought, which further focused attention on the reliability and cost of irrigation water that comes with the land.



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Prunes

Prune crop pricing in 2021 is estimated at approximately \$2,000 per dry ton, nearly approaching the 2016 high for the commodity at \$2,180 per ton. Bearing prune acreage in the state has been in decline since reaching a high of 86,000 acres in 2001, down to its current estimate at ±40,000 acres, the lowest level in over 50 years. The non-bearing acreage is estimated at 10% of the bearing acreage, or approximately 4,000 acres. Over the last ten years, Statewide prune production has ranged from a low of 54,000 dry tons in 2016 to a high of 138,000 dry tons in 2012 with production hovering around 100,000 tons annually. Most modern plantings have tighter tree spacing resulting in vastly higher production per acre capabilities. The 2020 crop, which faced some growing challenges, yielded 58,703 dry tons, or 1.47 dry tons per acre. The 2021 crop, with much more favorable weather conditions, reportedly produced 85,000 dry tons, or 2.02 dry tons per acre. The industry has struggled with a global oversupply of smaller sized fruit, encouraging growers to employ farming methods that will increase fruit size. While the industry tackles the oversupply of smaller, less marketable fruit and low overall production, the outlook remains unstable. Smaller overall crops worldwide will help to reduce oversupply while overseas tariffs will suppress demand for the U.S.

crop. The increasing cost of shipping containers coupled with distribution issues related to COVID will continue to affect exports and pricing. Marketing efforts have been increasing, particularly with new studies showing greater health benefits from prune consumption. New varieties are being tested to extend the harvest time, partially dry fruit on the tree, and help reduce the drying ratio.

Prune orchard sales in 2021 ranged from \$18,000 to \$28,000 per acre with very limited market activity and a stable to slightly decreasing value trend. Demand for prune orchards in the region strengthened slightly within the past five years due to substantially improved commodity prices and reduced orchard supply as a result of conversion to other permanent plantings with higher economic returns. However, the overall outlook for prune orchards is not optimistic long-term. Demand is waning such that there are few sales, which may be an indication of decreased interest from buyers of producing orchards. Of the sales that did occur, most were older orchards ultimately purchased for redevelopment to almonds or walnuts. The current market for prune orchards is stable to slightly decreasing with limited buyer demand and few properties coming to market.

Peaches (Clingstone)

The California cling peach industry has been unbalanced for several years and remains so mostly due to a lack of demand. Neither of the two main processors (Del Monte and PCP) renewed or extended contracts in 2021. The California Canning Peach Association's (CCPA) field staff reported that orchard pullouts following the 2020 season totaled 1,379 acres, amounting to 8.6% of the industry's total bearing acreage in 2020. The winter pullouts exceed the 782 acres of 2018 plantings, which moved to bearing status with the 2021 season, resulting in an estimated bearing acreage of 15,200 acres in 2021. The 2021 cling peach crop dropped to a total production of 225,000 tons, according to the California League of Food Producers, which represents a 9% decrease from 2020 and an average per acre of 14.8 tons. This is the lowest per acre production since 2006, which yielded 13.3 tons per acre on average. As production continues to plummet, prices should continue to rebound. For the 2020 crop, the CCPA negotiated two different prices for the first time since the mid-1990s. The base price for Del Monte, Wawona, Frozen Foods, and Dole was negotiated first at \$492 per ton. The base price and pricing structure for Pacific Coast Producers was negotiated 24 days later with a base price of \$497.50 per ton. Pricing for the 2021 crop has not been finalized and price speculation has been wide-ranging. Due to California's increasing minimum wage, growers have the challenge of incurring approximately \$2,000 per acre in additional costs between 2016 and 2022. Per the 2017 U.C. Cooperative Extension Cost of Production Study, grower costs were estimated at \$8,883 per acre, equaling \$535 per ton based on a 16.6 ton per acre average. When adding unknown labor factors such as worker availability and wage increases, average return numbers indicate that cling peaches are not financially feasible under current market economics. As new plantings have curtailed significantly since 2017, acreage should continue to decrease in the future. With the market in its current state of imbalance and correction, there

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have been very few sales in recent years. Prior to 2018, those limited sales showed a strong market with sale prices around \$30,000 per acre. The single sale in 2018 (in southern Butte County) was a young orchard that sold for \$25,000 per acre. The single sale in 2019 (in Yuba County) was a mature, good quality peach orchard that sold for approximately \$26,500 per acre. A 2021 sale at \$31,700 per acre involved a very motivated buyer with adjoining land. Listing activity remains extremely limited.

Olives

Table olives continue a slow decline in total acreage in the Sacramento Valley as these advanced age orchards continue to slowly be redeveloped to almonds, walnuts or pistachios. Approximately 70 to 80% of the ripe table olives consumed in the United States come from California with the balance being imported from Mediterranean countries. At the present, there are only two commercial canneries, Bell – Carter Olive Company (Corning, California) and Musco Family Olive Company (Orland, California) processing the bulk of the table olive crops. The most popular and common table olive varieties grown are the Manzanillo, Mission, and Sevillano. In 2014, there were ±23,000 acres of bearing table olives in California, with that number decreasing to 16,000 acres as of 2020. Two driving factors for the acreage decrease are weak income returns for table olives over the past several years as compared to competing orchard crops as well as demand for the underlying land to convert to higher income generating nut commodities.

Super-High-Density (SHD) olives grown for oil have seen a modestly growing market over the last ±24 months. Due to touted health benefits of utilizing extra virgin olive oil in cooking as well as in cosmetics and pharmaceuticals, the consumption of olive oil has steadily been on the rise. The global olive oil market was valued at \$13.03 billion (USD) in 2019 and is expected to rise at a rate of 3.2% between 2020 and 2027. Per the California Olive Oil Council, there

are 36,000 acres of olive orchards in the state of California dedicated to the production of extra virgin olive oil. There are 400 growers, 45 mills, and over 75 varieties grown, with a sizable number of those located in the Sacramento Valley. The 2021 crop is estimated at 2.0 million gallons with average per acre yields between 3 and 6 tons per acre, however much of the crop yield was effected by heavy October rains that swelled the fruit. Prices appear stable to be strengthening, with industry estimates of \$17.50-\$18.00 per gallon to the grower on average.

There have been very few recent olive orchard sales occurring within this region with several table orchard sales occurring and two SHD olive orchard sales. In 2021 olive orchard values were generally observed between \$10,000 to \$18,000 per acre. The table olive sales and one of the SHD olive sales (fair condition) sold with little to no value above open ground while the other SHD olive sale (large scale) sold for ±\$2,000-\$3,000 above open land value.

Despite stagnant grower returns over the last ±10 years, the future for California olive oil production appears optimistic as consumer preference for higher quality product continues to increase, and demand for high-density olive orchards or land suitable for high-density orchard development is expected to remain stable to slightly increasing in the coming years.

Vineyards

Sale transactions of established vineyard properties in Region 1 were limited to the Sacramento-San Joaquin Delta region again in 2021, and once again there were few sales within that area. Values observed were generally found in the \$18,000 to \$30,000 per acre range in 2021. The few known sales illustrated stable demand for most types of young, quality vineyard properties developed to favorable varieties. Lower demand and a soft market were observed for varieties in oversupply such as Zinfandel and Viognier. A strengthening market for uncontracted fruit that began during harvest in 2020 continued through 2021. A second consecutive light crop statewide and growing regions impacted by wildfire-caused smoke taint resulted in a shortage of available fruit and reduced bulk wine inventories. Despite smoke blanketing most of California, including the Delta, most industry participants believe that Delta grapes again escaped smoke damage in 2021. Going into 2022 the prospect for stronger prices is offset by caution in regard to water supplies in all but the most secure water areas. Location accessibility, land cost and perception of reliable irrigation supplies continue as favorable factors in Delta vineyard demand.

The COVID-19 pandemic was at the forefront of the wine grape industry again in 2021. Tasting rooms resumed

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limited openings and returned to some normal business, including events with limited guests. Some travel and dining restrictions were eased in the second and third quarter, but consumer mobility remained well below pre-pandemic levels. Fear of the new variants barred hospitality businesses and wineries from getting back to pre-pandemic levels. Likewise, income for businesses in the leisure and hospitality industry was less than half of pre-pandemic levels. Bulk wine grape pricing was up due to lower supply from the previous year. At the grower level, wineries have begun to offer some new grape contracts, including preplant contracts for new vineyard development.

Winter Rangeland / Dry Pastureland

Sales in 2021 were significantly lower than in 2020 for winter rangeland and dry pastureland, a continuing trend dating back to 2018. The main reason cited by numerous brokers, appraisers, and market participants is there have been very few quality properties being offered for sale in the region. Although some cited the COVID-19 pandemic as part of the reason for the slowdown, most commonly the ongoing drought coupled with challenging feed and commodity market conditions were cited as primary reasons for market trepidation.

Of the sales that occurred in 2021, price levels appear to have remained relatively flat to slightly increasing in the general range of \$750 to \$3,500 per acre. Rent levels also are reported as remaining flat to slightly increasing and were observed in the \$10 to \$45 per acre range or \$30 to \$45/AUM.


Regional brokers report moderate buyer interest and extremely strong tenant/rental demand with very few properties available to buy or rent. An emerging trend reported this year included some grazing leases being signed or renegotiated based upon a monthly use basis versus a traditionally seasonal basis. The impact of the ongoing drought has shortened the grazing season, and this change is being driven to more accurately reflect the period of use.

There have been very few listings brought to market in 2020-2021, with several listings having asking prices at levels above that seen in recently closed transactions. The listings that have been available and sales that have taken place in this period are generally characterized as below average quality tracts.

Strong asking prices for lower quality properties have resulted in extended marketing times, more intensive negotiations, and are believed to be a contributory factor to the lower number of consummated sales.

Local brokers believe average to average-plus quality tracts will move readily if properly priced, as very few properties are currently available on the market. There are willing sellers, however those who choose to try to sell are trying to get top dollar for their properties and are generally open to very little negotiation. There are also willing buyers although they are not yet ready to step up to the current high asking prices which is contributing to market stagnation in this sector.

All of the known 2017-2018 sales of larger rangeland/dry pasture tracts were purchased for continued cattle grazing. While many dry pasture tracts were purchased from 2013-2016 for permanent planting development, only one known regional sale for conversion occurred in 2016 for this use. The trend of conversion of suitable properties to permanent plantings appears to have re-emerged with a small number of 2019 thru 2021 dry pasture acquisitions being intended for conversion from dry pasture to nut orchards (predominantly almonds).



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VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
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Colusa, Glenn, Butte & Tehama (Northwestern Counties)

Rice	\$11,000 - \$16,500	Strong	Limited	Stable-Increasing	\$300 - \$550/AC - 20% - 35%
Irrigated Cropland	\$13,000 - \$20,000	Moderate-Strong	Limited	Stable-Sl. Decreasing	\$250 - \$450 - 12% - 25%
Winter Rangeland/Dry Pastureland	\$650 - \$2,500	Moderate-Strong	Limited	Stable	\$10-\$45/AC or \$30-\$45/AUM
Almonds	\$20,000 - \$32,000	Strong	Limited-Moderate	Stable	25% - 30%
Walnuts	\$20,000 - \$32,000	Moderate-Strong	Moderate	Stable-Sl. Decreasing	25% - 30%
Prunes	\$18,000 - \$28,000	Limited	Very Limited	Stable-Sl. Decreasing	15% - 25%
Olives	\$10,000 - \$18,000	Limited	Very Limited	Stable	10% - 20%

Yuba Sutter Area (Feather River Basin & Sutter Basin)

Rice	\$9,500 - \$14,000	Moderate-Strong	Limited	Stable	\$300 - \$450/AC
Irrigated Cropland	\$12,000 - \$20,000	Strong	Limited	Stable	\$300 - \$450 - 12% - 25%
Walnuts	\$19,000 - \$36,000	Strong	Limited	Stable	20% - 30%
Prunes	\$20,000 - \$28,000	Moderate	Very Limited	Stable-Sl. Decreasing	15% - 25%
Peaches	\$22,000 - \$28,000	Moderate	Very Limited	Stable-Sl. Decreasing	12% - 25%

South Sutter, Western Placer, North Sacramento, Solano & Yolo Counties

Rice	\$11,000 - \$16,500	Moderate-Strong	Moderate	Stable	\$250 - \$400
Vegetable Crops: Class 1-2 Soil	\$14,000 - \$18,000	Moderate-Strong	Limited	Stable	12% - 30%
Irrigated Cropland: Class 3-4 Soil	\$10,000 - \$16,000	Moderate-Strong	Moderate	Stable	12% - 30%
Winter Range/Dry Pasture	\$750 - \$3,500	Limited	Very Limited	Stable	\$10-\$45/AC or \$30-\$45/AUM
Walnuts	\$18,000 - \$30,000	Moderate-Strong	Limited	Stable	20% - 25%
Vineyards	\$18,000 - \$30,000	Moderate	Very Limited	Stable	20% - 25%

The cattle commodity market conditions in 2017 and 2018 brought some slight improvement, although optimism was relatively short lived as record high national beef herd size was reported in July 2018 at 103 million. The January 2021 beef herd size was reported at 93.6 million which is down slightly from the January 2020 report at 94.4 million and slightly lower than the January 2019 herd size reported at 94.8 million. Despite the ongoing reduction in beef herd size and recent escalation in retail prices, producer pricing concerns are still being exacerbated by many unknowns related to international trade and tariff issues, as well as disruptions in the supply chain related to the COVID-19 pandemic.

For the past several years, the buyer community has consisted nearly entirely of owner operator cattle producers. In 2018 there was one known purchase by an investment buyer with all of the 2019 through 2021 transactions

being owner operator producers who continue to dominate this market. Most brokers and market participants interviewed expect the current somewhat stagnant market conditions to continue well into 2022.



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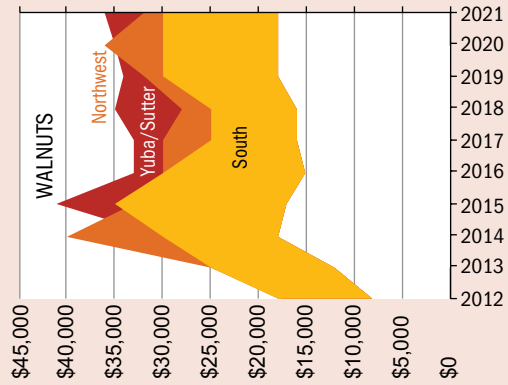
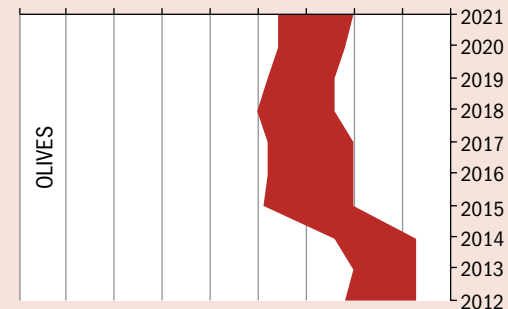
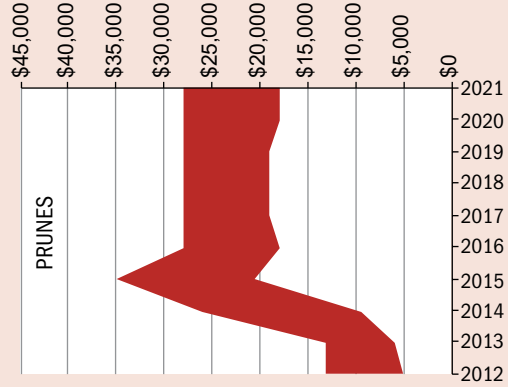
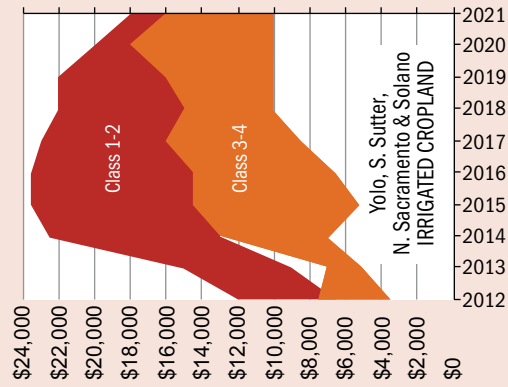
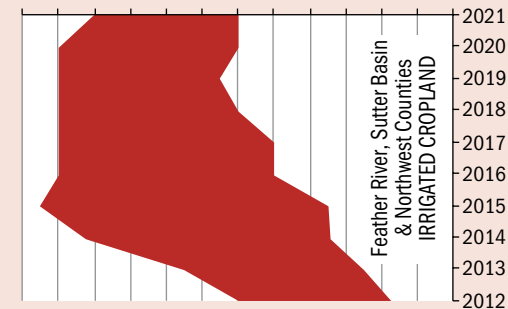
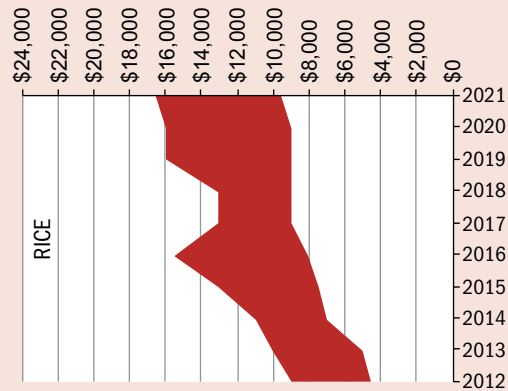
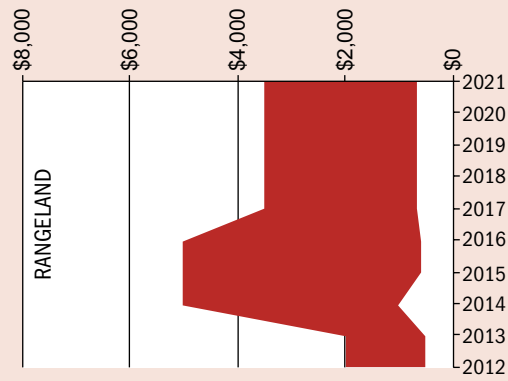
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HISTORICAL VALUE RANGE per acre

LAND USE	IRRIGATED CROPLAND	RICE	RANGELAND	WALNUTS	PRUNES	OLIVES	ALMONDS
<u>Colusa, Glenn, Butte and Tehama (Northwestern Counties)</u>							
2021	\$13,000 - \$20,000	\$11,000 - \$16,500	\$650 - \$2,500	\$20,000 - \$32,000	\$18,000 - \$28,000	\$10,000 - \$18,000	\$20,000 - \$32,000
2020	\$14,000 - \$22,000	\$10,000 - \$14,500	\$650 - \$2,500	\$20,000 - \$36,000	\$18,000 - \$28,000	\$11,000 - \$18,000	\$20,000 - \$34,000
2019	\$14,000 - \$21,000	\$10,000 - \$14,000	\$650 - \$2,500	\$20,000 - \$32,000	\$19,000 - \$28,000	\$12,000 - \$19,000	\$20,000 - \$32,000
2018	\$12,000 - \$21,000	\$10,000 - \$12,000	\$650 - \$2,500	\$18,000 - \$28,000	\$19,000 - \$28,000	\$12,000 - \$20,000	\$20,000 - \$30,000
2017	\$10,000 - \$20,000	\$10,000 - \$13,000	\$650 - \$2,500	\$20,000 - \$30,000	\$19,000 - \$28,000	\$10,000 - \$19,000	\$20,000 - \$30,000
LAND USE	IRRIGATED CROPLAND	RICE	WALNUTS	PRUNES	PEACHES		
<u>Yuba Sutter Area (Feather River Basin and Sutter Basin)</u>							
2021	\$12,000 - \$20,000	\$9,500 - \$14,000	\$19,000 - \$36,000	\$20,000 - \$28,000	\$22,000 - \$28,000		
2020	\$12,000 - \$22,000	\$9,500 - \$14,000	\$20,000 - \$35,000	\$20,000 - \$28,000	\$25,000 - \$28,000		
2019	\$13,000 - \$22,000	\$9,500 - \$14,000	\$20,000 - \$34,000	\$20,000 - \$28,000	\$25,000 - \$28,000		
2018	\$12,000 - \$22,000	\$9,500 - \$12,500	\$18,000 - \$35,000	\$20,000 - \$28,000	\$25,000 - \$30,000		
2017	\$12,000 - \$22,000	\$9,500 - \$12,500	\$18,000 - \$33,000	\$20,000 - \$28,000	\$27,000 - \$30,000		
LAND USE	VEGETABLE CROPS Class 1-2 Soils	IRRIGATED CROPLAND Class 3-4 Soils	RICE	RANGELAND	WALNUTS	VINEYARDS	
<u>South Sutter, West Placer, North Sacramento, Solano and Yolo Counties</u>							
2021	\$14,000 - \$18,000	\$10,000 - \$16,000	\$11,000 - \$16,500	\$750 - \$3,500	\$18,000 - \$30,000	\$18,000 - \$30,000	
2020	\$14,000 - \$20,000	\$10,000 - \$18,000	\$9,000 - \$16,000	\$750 - \$3,500	\$18,000 - \$30,000	\$18,000 - \$30,000	
2019	\$14,000 - \$22,000	\$10,000 - \$16,000	\$9,000 - \$16,000	\$750 - \$3,500	\$18,000 - \$30,000	\$18,000 - \$30,000	
2018	\$14,000 - \$22,000	\$10,000 - \$15,000	\$9,000 - \$13,000	\$750 - \$3,500	\$16,000 - \$25,000	\$15,000 - \$30,000	
2017	\$15,000 - \$23,000	\$8,500 - \$16,000	\$9,000 - \$13,000	\$750 - \$3,500	\$16,000 - \$25,000	\$15,000 - \$30,000	






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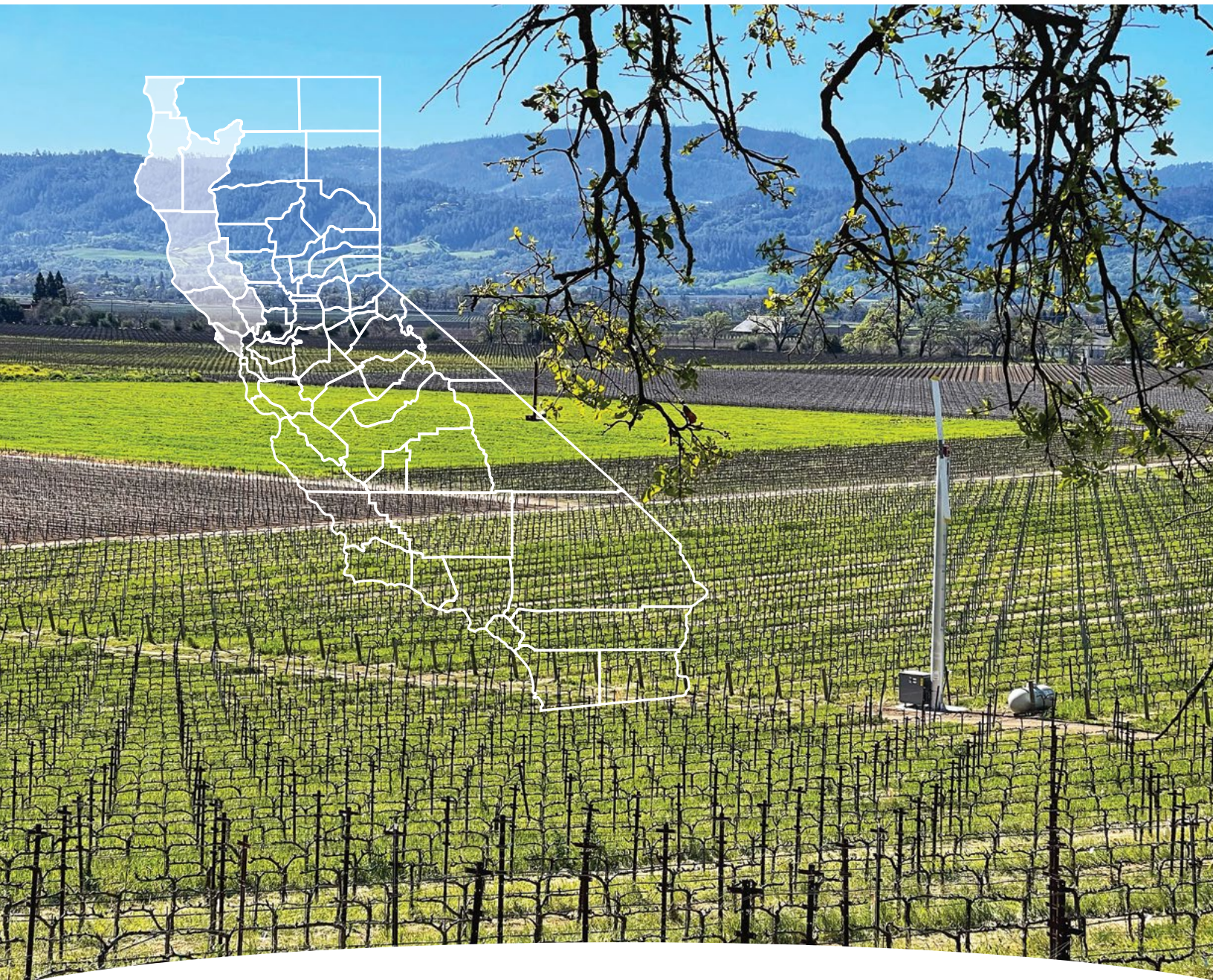


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NORTH COAST



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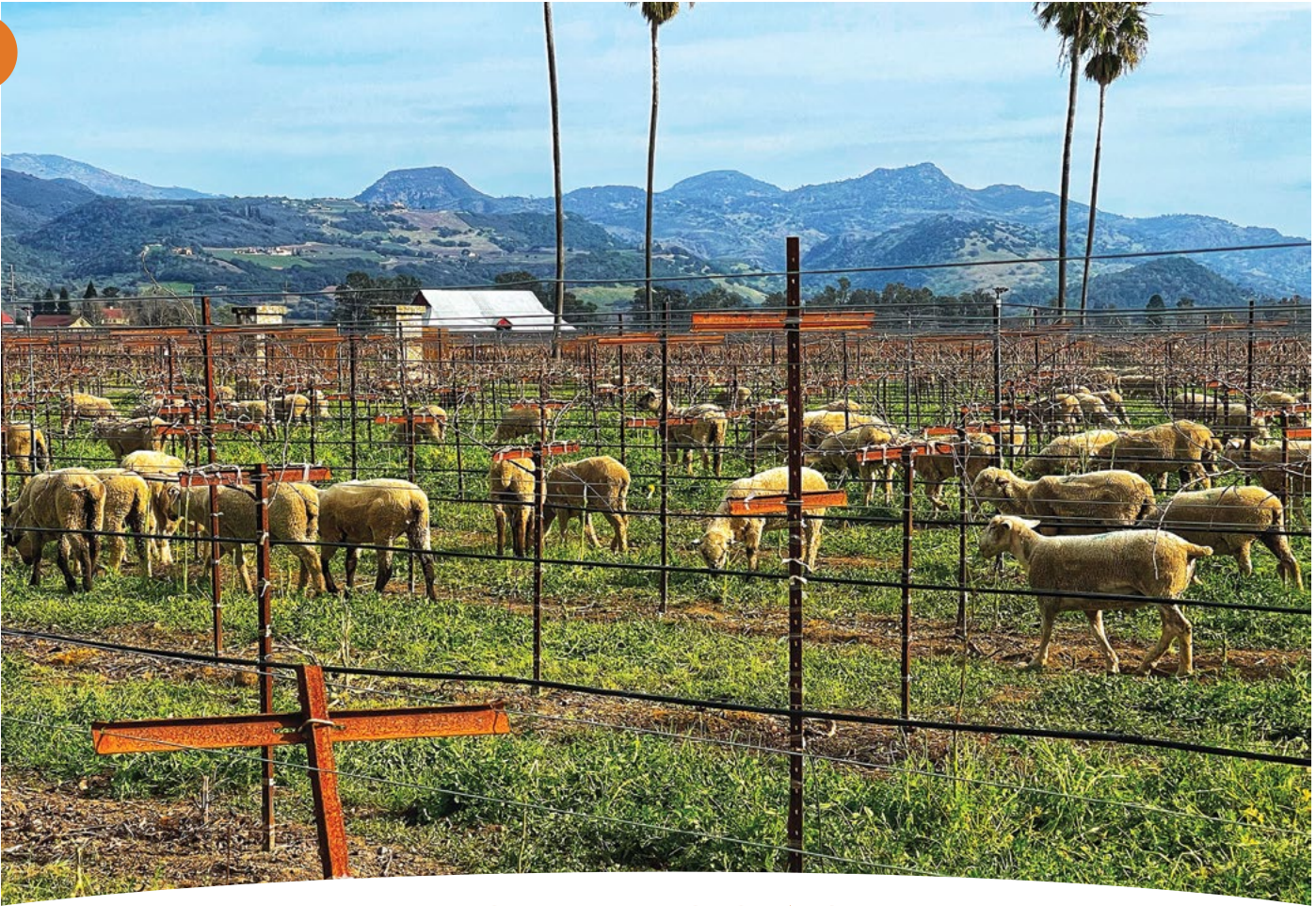
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2



NORTH COAST

Overview

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

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

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

Information from the Wine Institute, Gomberg & Fredrikson and Wines & Vines support about 4,500 bonded wineries in California. Bonded wineries include all licensed production facilities, warehouses, experimental wineries, and virtual wineries. There is no single resource available to verify the physical wineries operating in California. Researching various county, government, and tourism sites, as well as regional winery associations this year indicates that there are about 1,114 physical wineries operating in the North Coast. Napa includes 544 wineries (49%), Sonoma 413 (37%), Mendocino 97 (9%); Lake 33 (3%), and Marin 14 (1%).

The 2020 California Grape Acreage Report, published by the California Department of Food and Agriculture and released in April, again reflected a slight year-over-year decrease in wine grape acreage in California from 477,041 to 468,867 acres, with 15,461 acres (3.3%) reported as non-bearing.

The North Coast accounts for 28.1% of state's wine grape acreage, with total acres decreasing nominally from 132,529 to 132,149 acres over the past year, with 5,443 acres (4.1%) reported as non-bearing. Napa includes 45,511 acres (34.4%), with Sonoma at 58,873 (44.6%), Mendocino at 17,379 (13.2%), Lake at 10,009 (7.6%), and Marin, Del Norte, Humboldt and Trinity counties at 377 acres (nominal).

Despite another year of destructive California wildfires, much of the North Coast emerged relatively unscathed. Trinity County, and the timber industry it supports, suffered significant damage from the McFarland, Monument and River Complex fires which combined to burn roughly 550,000 acres of land within Trinity and surrounding areas. After six consecutive years of wildfires, wine country got a break in 2021 with no significant impact to the grape harvest in Napa, Sonoma, Lake or Mendocino counties.

Wine Industry

The wine industry continues to recover from a very difficult 2020. COVID-19 had shifted consumption trends away from the tasting room toward e-commerce and the retail channel. In 2021, people returned to the tasting rooms and restaurants. Total wine sales were up 10% above a year ago on an inflation-adjusted basis. Compared with 2019 (a more 'normal' year) sales were up 2.7%. Direct-to-consumer sales continue to drive the market with total sales through this channel up 9% from the previous year and up 24% from 2019. Additionally, retail sales continue to improve with the average price of wine in this channel increasing for the 24th consecutive month (as of December 2021) on a year-over-year basis.

It is important to note that while sales channels have shifted during COVID-19, overall, wine demand has not been significantly impacted. In recent years the industry has wrestled with how to attract new, younger consumers while battling competitors such as craft beer, hard seltzer, and spirits. Wine has been slowly losing market share to these other options.

The ability to attract a younger consumer base will be a focal point for the industry for the next decade and beyond.

In the North Coast region wineries compete in the premium segment of the market. Most wineries in the region adapted well to the challenges presented by the pandemic and wildfires. Many without established retail or e-commerce channels were able to pivot swiftly and capitalize on new consumer trends. North Coast wineries have historically benefited from on-premise sales and events which returned in 2021.

Demand for grapes from the 2021 harvest was strong in the North Coast following destructive fires that destroyed a significant portion of the 2020 harvest. Harvest volume and price reporting was not available as of the date of this publication; however, reports from growers were that the 2021 harvest was light with average to good quality. Grape pricing fell considerably the prior year, down roughly 15% to 20% for popular red varieties, and contracts signed in 2021 appear to respect the reduced pricing.

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Cannabis/Hemp Industry

Cannabis cultivation for recreational use was legalized in California in 2016 but is still classified as a Schedule I controlled substance by the Federal Government. This conflict of legalities that include financing options, along with highly restrictive local permitting requirements, has slowed its production in the North Coast. Relatively few legal outdoor commercial grows exist in the south part of the North Coast. In the northern areas such as Mendocino, Humboldt, and Trinity counties, production of cannabis is more prevalent and may compete with alternative crops as a highest and best use. Each county has its own requirements for permitting, compliance, and cultivation, which has made certain counties more attractive for cannabis production due to more streamlined regulatory processes.

Hemp was legalized in 2018 by the Farm Bill at the federal level. However, it remains a fledgling enterprise with few areas in production. On the North Coast, there are fewer regional markets for hemp compared to cannabis. It is unlikely that recreational cannabis will be a substitute for the premium wines of the North Coast. However, it may prove to be a substitute or supplement for other lower value agricultural uses going forward.

Napa County

Napa remains at the top of the premium wine market and is synonymous with world-class Cabernet Sauvignon. Wine, wine grapes, and tourism are the primary economic drivers for Napa with no other agricultural uses of note. There are roughly 45,000 planted vineyard acres in Napa County. The valley floor is essentially planted out. Hillside development, while attractive to most wineries for the unique flavor profiles the resulting wine can offer, is highly regulated by the county. Over the past twenty years, increasing environmental regulations, urbanization, and governmental regulations have limited the ability to expand vineyard development in the county. Tough erosion control, view-shed, and stream setback ordinances coupled with growing resistance from neighbors, voters, and environmental groups are making new vineyard development time-consuming, expensive, and highly speculative. A key factor that has helped Napa maintain its high vineyard and plantable land values over the past ten years is that the county is effectively planted out, with nominal land available for vineyard expansion.

Entering 2021 there was considerable demand for fruit. The 2020 crop was greatly impacted by smoke taint from wildfires, and the bulk wine supply had

been depleted because of demand for wines that worked well in the retail channel, a segment that grew in sales as a result of COVID-19. Wineries inked grape contracts early to secure their fruit supply. Chardonnay, the biggest seller by volume in the U.S., emerged as the variety of choice.

Grape pricing fell considerably in 2020 as reported in the California Grape Crush Report. Napa County's most famous variety, Cabernet Sauvignon, recorded an average price of \$6,212 per ton (Table 10), this is down 21% from the previous year and below the 10-year average. Similar price drops were reported for other red varieties such as Cabernet Franc, Merlot, and Petit Verdot. White varieties fared much better, as Chardonnay, with an average price of \$2,954 per ton, increased modestly by 1% over the prior year. Sauvignon Blanc reported only a slight drop of 2% from the prior year.

Vineyard sales throughout the North Coast were spurred by demand for Chardonnay. In Napa's Los Carneros AVA, a cooler-climate region where Chardonnay thrives, there were several deals that demonstrate this. As for red varieties such as Cabernet Sauvignon and the like, demand remained strong for the upper tier, while somewhat sluggish for average quality vineyards. A handful of off-market sales and quiet offerings of prime vineyard ground changed hands in 2021 at prices that pushed the ceiling on the Prime Market segment. Overall, there remained a limited number of true commercial vineyard sales in Napa for 2021.

Napa is a highly diverse market with significant ranges in value for vineyards, plantable land, and site components / entitlements. Value ranges are generally broken down into three distinct market segments: Prime, Secondary & Outlying. Each market is roughly defined by its AVA affiliation, but it is important to note that each AVA can be quite diverse and offer a relatively wide range of property values within themselves. A property's value is perhaps more impacted by its unique terroir, which is a culmination of specific microclimate, soil, topography, etc. which impact grape quality and

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impart the unique flavor and taste in the wines produced. These collective environmental factors affect variety selection which also impacts value. Properties well suited to produce high quality Cabernet Sauvignon generally achieve top dollar in the market while those with suitable for lower value varieties typically sell for less.

The Prime Market covers the heart of the Napa Valley and the surrounding hills, including some of Napa's most recognized appellations (Oakville, Rutherford, St. Helena and Stags Leap), in addition to the surrounding hillside appellation or geographic areas (Howell Mountain, Spring Mountain, Diamond Mountain, and Pritchard Hill). These areas historically produce some of Napa's highest quality Cabernet Sauvignon and Bordeaux style red wines. When properties come available, they typically sell quickly by word of mouth, never hitting the open market. Activity in 2021 continued this trend with a few notable sales which were never exposed to the market but sold at prices reflecting upward pressure on values. The biggest driver of values in the Prime Market is vineyard reputation and buyer motivation. Typical buyers are neighboring property owners or wineries who have sourced fruit from the property. Characteristics of vineyards at the high end of the spectrum have desirable soil and climate profiles, high historic fruit or bottle pricing, and are meticulously cared for by prominent vineyard managers. The age and yields are generally not of significant concern. Hillside vineyards are particularly attractive to winemakers who gladly exchange lower yields for the high bottle pricing which can be obtained from these vineyards. Prime hillside properties rarely come up for sale but, when they do, they sell quickly and for top dollar.

The Secondary Market generally covers the northern and southern ends of the Napa Valley floor, plus the hills bordering the Prime areas. To the north is the Calistoga appellation, with Yountville, Oak Knoll, and Coombsville to the south, plus the surrounding hills, including Atlas Peak, Soda Canyon, and Mt. Veeder. These areas were

historically considered too hot (north) or too cool (south) for premium Cabernet and Bordeaux varieties. However, in recent years growers eager to take advantage of surging Cabernet prices grafted or replanted in areas previously thought better suited for Merlot or Sauvignon Blanc. This led to a vast number of sales at prices that blurred the lines between the Prime and Secondary Markets. More recent demand in the Secondary Market has leveled off. The demand for Cabernet Sauvignon fell significantly following the large 2018 harvest and some growers in the area were unable to sell fruit in the following harvest. With these concerns still fresh in their minds, buyers remained somewhat leery in 2021. Lifestyle buyers, on the other hand, continued to be active in these areas, in particular along Big Ranch Road in Oak Knoll and the Coombsville neighborhood which saw a relatively high volume of transactions purchased for their residential appeal and proximity to Napa services.

The Outlying Market includes the remaining vineyard areas in the county, but generally outside of Napa Valley proper. This includes Chiles Valley, Pope Valley, and other unclassified areas. Recently, Los Carneros AVA was reclassified from the Secondary Market to the Outlying Market as the cool area is generally not suitable for Cabernet with the vineyard economics supporting values more consistent with the rest of the Outlying areas or rivaling

top Sonoma County vineyard and plantable land values. A key benefit for these areas is that they are still within the Napa Valley AVA, so the fruit can be used in any Napa Valley AVA wine. While these areas can produce high quality fruit, they are more prone to extreme weather patterns (heat and/or frost), resulting in lower yields or lost harvests, and lower net returns when compared to the Prime and Secondary Markets. During periods of oversupply, demand for vineyards and plantable land in the Outlying areas is limited. The Los Carneros AVA was the only Outlying Market area to experience any significant sales activity in 2021. Wineries and growers were active in the area, attracted by market demand for Chardonnay and sparkling wines (which grow well in this cooler-climate region), relatively low land costs, and Napa Valley branding. Despite all the activity, values remained stable and within the range of prior years. Other Outlying areas were quiet in 2021 with essentially no sales of vineyard land from wineries, growers, or lifestyle buyers.

For lifestyle buyers, overall demand remained strong. The housing market remained red hot throughout 2021, building on the trend established during the initial year of the pandemic. This translated into strong sales activity for existing residential vineyard estates. These are properties with strong residential appeal with a small vineyard that is secondary to the buyer's motivation to purchase. Buyers



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continued to have a strong preference for turnkey homes, but activity picked up for vacant sites and fixer-uppers. There is a strong preference for St. Helena and Yountville. There was also significant activity in areas abutting the City of Napa such as Oak Knoll and Coombsville indicating a desire to live near city services and closer to the Bay Area. Residential lots in the surrounding hills that were affected by recent wildfires sold at discounted prices as insurance became costly or non-existent for some properties within the fire hazard area. For all other areas values remained stable.

Winery sales were more abundant in 2021 with numerous deals closing in Napa County. Among the most notable, Frank Family Wines sold to Treasury in Q4, a sale that included their production facility in Calistoga along with 125 acres of vineyards in Rutherford and Capell Valley. Treasury also sold one of its holdings, Provenance Vineyards located in Rutherford. Other transactions included Luna Vineyards, Lewis Cellars, Swanson Winery, Elizabeth Spencer, and Dutch Henry. Buyers looking to acquire new brands and facilities include established wine conglomerates both foreign and domestic, who are looking to fill gaps in their portfolios. Wealthy businesspeople also remain somewhat active. Most sales include brand, inventory, and real estate and fit a specific gap in the portfolio of the buyer. Winery values continue to trend up due to the difficulty in obtaining a permit and high construction costs. The relatively low cost of financing remained an attractive tool for buyers.

Sonoma & Marin Counties

Sonoma County: Agriculture has long been recognized as one of the leading economic sectors in Sonoma County with the primary crops consisting of wine grapes, milk, poultry, cattle, nursery products and vegetables. Over 50% of the gross value of the agricultural crop value and a large portion of its related tourism income is generated by the wine industry. For these reasons, the wine industry is the dominant agricultural use.

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

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

The 2021 year started with continued uncertainty within few commercial vineyard and plantable land sales. This was a factor of wineries still trying to assess the short and smoke damaged 2020 grape crop, the impact of a potentially large 2021 crop, and the increasing demand for off premise sales of wines in the \$10 to \$20 price range. Seasoned institutional investor groups began to show interest and started purchasing commercially sized vineyards in the second quarter of 2021. At this time, wineries were beginning to offer grape contracts at below average pricing but allowing for a greater amount of tonnage; however, contracts were not being offered to everyone. Contracts for red grapes such as Pinot Noir and Zinfandel and in some instances Cabernet Sauvignon remained difficult to obtain. Property prices being paid were within the value range of the previous year but with a greater number of sales at the lower end of the range.

Sale activity continued to increase for the rest of the year with continued interest from institutional investors and, more recently, wineries. Winery interest was driven by what appeared and turned out to be a lighter than expected 2021 crop and the need to control vineyards that fit specific and successful varietal wine programs. Growers also entered the market, but on a limited basis. Drought conditions did not seem to impact the market for properties with historically reliable water sources. In this period, values seemed to have shifted closer to the middle to upper end of historical 2020 value range.

The vineyard lifestyle market continued its increasing demand trend from 2020 with buyers moving from urban areas and/or desiring second or third homes. The greatest demand was for improved parcels with a small to moderate amount of vineyard that provided an attractive landscape and income that would help offset the cost of ownership.

Values continued an overall increasing trend but with greater value emphasis being placed on the location, views, and quality of the structural improvements rather, than the vineyard and/or plantable land. Highly improved estate parcels with a large amount of vineyard proved difficult to sell as the estate buyer found a large amount of vineyard difficult to manage, and the commercial vineyard buyer was unwilling to pay the price for an estate site and structures. The estate market had its challenges with difficulty in obtaining fire insurance in fire hazard areas and building new construction due to the high cost and scarcity of materials and labor.

The winery market was moderately active in 2021 with about nine wineries being sold or under purchase contract at the end of 2021. These sales indicate wineries with successful brands, public tasting, and locations in prime tourist areas would have a stable to slightly increasing value trend. Wineries that sell without an established, successful brand would likely be discounted beyond normal levels of depreciation. Winery construction costs have substantially increased over the last five years. Currently, there is no market evidence that suggests buyers are willing to purchase a winery at prices reflective of current costs; however, there are new wineries being built.

Wineries with established retail channels that sell wines within the \$10 to \$20 per bottle range and wineries that sell the highest quality wines direct-to-consumer remain highly profitable. Wineries that relied on on-premise sales, events, hospitality offerings, and restaurant sales that had not been able to increase retail and/or direct-to-consumer sales struggled in the first quarter of 2021. However, as the year progressed, COVID-19 restrictions eased, wine country tourism returned, and overall wine sales improved, as did winery profits.

Sonoma-Marin: This agricultural area is described as coastal foothill pasture and hardwood forested lands within Southwestern Sonoma County and Northwestern Marin County. Most of the area is devoted to agricultural uses of livestock pasture and dairies, in addition to a limited number of equestrian facilities, poultry facilities, vineyards, olive orchards, and small-scale vegetable production. Average to estate quality homes are scattered 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, which has been heightened since the beginning of 2020 with the COVID-19 pandemic.

Grade A dairies producing organic milk are the dominant commercial use of the area. Over the last ten years, most North coast dairies have adapted to an organic operation, while only a small portion remain in the conventional milk market. After the market peak in 2016 and 2017, the following 2018 and 2019 years featured a surplus of organic milk with significant drops in prices per cwt., requested reductions in production volume, or, in some cases, complete cancellations of milk contracts. Since 2019, the market for organic milk has generally stabilized to create a better balance of supply and demand, but not at all near the favorable levels of 2016 and 2017. The 2021 year was generally stable regarding milk pricing for both the conventional and organic markets. However, with the drought conditions of 2021 affecting hay production across the west coast, the cost of feed for

livestock is at an all-time high. Even with the early rains received in late October of 2021, this upcoming winter will likely need to see above-average rainfall before experiencing a drop in cattle feed cost. The drought conditions also took a local toll as most of the dairies in sparse ground water areas (Marin County, Two-Rock, Tomales, etc.) resorted to hauling livestock water from the City of Petaluma, as their reservoirs dried up as early as May. Water shortage, high feed costs, and potential instability resulting from a recent large local creamery sale may create some apprehension for ranchers in this area in the upcoming year.

2019 and 2020 experienced very little activity for pastureland sales or dairy facility sales in Sonoma and Marin counties, and as a result land prices remained relatively stable. In 2021, there were a number of large ranch sales over 300 acres. The primary buyers for this market have historically been local dairy and cattle ranches looking to expand their operation or secure additional pasture ground. Although recently these properties have attracted out-of-area, lifestyle buyers for use of a family compound or preservation, rivalling the agricultural buyers about equally. To attract lifestyle buyers, the property will generally need to offer a picturesque setting, privacy, turn-key residential improvements, or easy access to Marin County or the 101 corridor. Land pricing for these ranches remains generally stable or trends to the higher end of the normal market range, primarily from the lifestyle buyer influence.



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Acreage properties located within the Petaluma Gap AVA have received little attention from viticultural groups over the last two years, which will likely be the case until pricing for Pinot Noir becomes more favorable or demand for the varietal increases. In addition, the activity from cannabis producers has also come to a standstill. The most sales activity comes from small rural residential properties up to 50 to 100 acres, which have become most attractive to Bay Area professionals experiencing remote work flexibility due to COVID-19. Since March of 2020, these buyers have flooded to the wine country and picturesque Sonoma and Marin counties. This trend has continued through 2021 due to low sales inventory for these properties and a larger buyer pool of both locals trying to establish themselves in the real estate market, or Bay Area transplants looking to move to property with more privacy and space.

Mendocino & Lake Counties

Mendocino County: Agriculture is mostly tied to the vineyard and wine industry. The region has two distinct markets within the county, including the coastal Anderson Valley, renowned for high quality Pinot Noir, and inland Mendocino, which produces a wide variety of premium wine grape varieties. While the grape prices in Anderson Valley have remained relatively strong for the past ten years, the grape prices

in the inland sections of the county have been a roller-coaster ride. The short 2011 grape crop throughout most of the North Coast region was instrumental in bringing wineries back to Mendocino and Lake Counties to buy wine grapes. The increased demand enabled growers to contract their fruit at good prices, along with the reintroduction of pre-plant and long-term contracts. The strong grape market continued through the 2017 harvest.

The large 2018 crop was the start of declining grape prices and demand in Mendocino County. While the 2019 crop in Mendocino County was generally average, the demand for grapes remained low. The weak demand for grapes continued into 2020. Many growers in the county in 2019 and 2020 were forced to sell at low prices, custom crush their fruit, or left the grapes on the vine.

The demand for grapes in 2021 was strong, after the below average grape crop in 2020 and the declining volume of wine on the bulk market. While growers were able to sell their crop and at generally good prices, the crop was down considerably. Most growers reported crop sizes of 25 to 40 percent below average. The white grapes appear to have had the smallest crops, but some of the reds, especially Pinot Noir, were also down considerably. The small crop was the result of the continuing drought conditions, limited water supplies in some areas and the excessive

summer temperatures. The anticipation in 2022 is strong demand for grapes and slightly higher prices.

The value of vineyards in Mendocino County was fairly stable in 2021, with moderate market activity. While several vineyard/winery properties sold in Anderson Valley in 2019, no vineyards transacted in 2020 and 2021. The lack of market activity is attributed to no vineyards being listed for sale. Sale activity in Mendocino's inland area was fairly active, with a mix of small

and mid-sized vineyard sales, scattered from Potter Valley to Hopland. The buyers included a combination of viticulturalist and cannabis growers. In general, the marginal vineyards were purchased by cannabis growers and the better vineyards purchased by vineyardists. The marginal vineyards sold in the mid-\$20,000's range, with the average quality vineyards selling in the low \$30,000's range. One good quality vineyard sold in the Hopland area in the mid-\$40,000's. Current vineyard listings in the area are very limited.

Lake County: Fortunately, fires and smoke were not a concern for Lake County in 2021. Unfortunately, the grape crop in the county was down considerably. The best estimates have the crop being off 25 to 45 percent of historical averages. Sauvignon Blanc appears to have been down the most at around 40 percent or more. Given that Sauvignon Blanc is the primary white variety in the county and in the highest demand, the impact on growers was significant. While over twice as many acres are planted to red varieties, the production on most reds were down 20 to 35 percent.

The demand for grapes in Lake County was strong in 2021, especially for Sauvignon Blanc. Most growers sold uncontracted Sauvignon Blanc for \$200 to over \$400 per ton higher than in 2020. Most all red varieties had good market demand at slightly higher prices than in 2020.

Market demand for vineyards and plantable land in Lake County was moderately strong in 2021, with several sales transacting. While most of the transactions in 2020 were purchased primarily for cannabis production, the properties in 2021 were purchased for vineyard development and grape growing. Most of the vineyard sales were in average to good condition. The average quality vineyards sold in mid to high \$30,000's range. The highest priced vineyards in Lake County are upland sites with volcanic soils in the Red Hills and High Valley regions, which are noted for producing higher quality Cabernet Sauvignon. These properties have generally ranged up to



\$50,000 per acre, with two high-quality sales in 2021.

Mendocino and Lake County – Pears:

The acreage developed to pears continues to decline, with the current acreage being less than 3,000 in the two counties. While most of the remaining orchards are high producing and owned by a handful of long-time growers, more acreage is scheduled for removal in 2022. The best estimate is that an additional 10 to 20 percent of acreage will be removed next year. Most of the acreage will be redeveloped to vineyard. The 2021 crop was average, with generally very small fruit size and good quality. A few growers did not pick part or all of their orchards, due to the small size of the fruit. The demand and prices from the canneries and fresh market were good, but only for the large sizes. Most growers delivering to packing houses received average prices of around \$400 per ton. While 2021 will be a profitable year for pear growers with good sized fruit, the industry outlook is not without concerns. The industry has continued concerns regarding the long-term health of the canneries, increasing operating costs, uncertainty of labor affordability or availability, and new regulations that will continue to have a major impact on profitability going forward. The continued removal of pear orchards and the planting to vineyards will likely continue for the foreseeable future.

Humboldt, Del Norte & Trinity Counties

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

Humboldt County is located on the Pacific Coast in northwestern California, approximately 200 miles north of San Francisco. Agriculture is tied primarily to dairies, pasture crops, cattle ranching, and timber harvest. Sales in the market are limited, but values have been steadily increasing over the past decade. There is a limited amount of pastureland in Humboldt

County, with a narrow band of bottomlands located between the Pacific Ocean and Coast Range. Because pasture supply is so limited, demand is typically strong, but most properties are closely held and seldom available for sale. Pastureland sales are not generally publicly listed, but are instead privately negotiated between the long-term tenant and property owner. However, with increased rural housing demand throughout California, there has been more interest in pastureland properties improved with a house. Because of this, realtors are listing more sales publicly to expose them to a broader market that might be willing to pay more than dairy and cattle operators from in the area.

Agricultural production in the region includes dairying, beef cattle, irrigated pasture crops, small truck farms growing organic crops, and several nursery operations. Most dairies in Humboldt County have converted to organic operations. The county's dairies tend to be small (200 to 500 cows) turn-key operations with the cows on organic pasture most of the year. In the last few years, a couple major creameries stopped buying organic milk from Humboldt County or offered producers a bonus to end their contracts early. The reduced markets for organic milk, combined with the drop in organic milk prices, has reduced producer cash flows. While initially this resulted in less demand for pastureland, in 2020 and 2021 there was an uptick in pastureland sales, largely due to low interest rates. Most of these sales were long-term tenants taking advantage of lower financing costs to buy out their landlords. Grade-A dairies sell even more infrequently, and typically only one sale occurs every 3-4 years.

Humboldt County created a permitting process for cannabis production just before recreational cannabis was legalized in California. The permitting process focused on helping small farmers meet both local and state environmental regulations, but also created a "track and trace" program to preserve Humboldt County's reputation for premium cannabis production. Permits are specific to a property and transferrable with the land when sold.

January 1, 2018 was the deadline for general permit applications. Though on certain agricultural zoned properties it may still be possible to obtain a permit, it is generally considered speculative and unfeasible. Unpermitted operations are subject to censure and fines. The regulatory atmosphere around cannabis has reduced interest in remote rural properties in the county, especially those with Timber Production Zoning. Thus, there has been a decline in sale activity and pricing for remote rural parcels without a permit for cannabis cultivation.

Del Norte County is located north of Humboldt County and is also on the Pacific Coast. Located in the northwesternmost corner of the state, the county is considered to be remote. Approximately 97% of the land area is identified as forestland that is mostly owned by the federal government. There is some privately owned timberland managed for timber production, but most logs are hauled to mills in Humboldt County or Curry County, Oregon for lumber production. Agricultural activity is limited to the flood plain of the Smith River and the adjacent coastal benches. Agricultural production includes dairying, beef cattle, Easter lily bulbs and irrigated pasture crops, and one large nursery operation. Agricultural land is closely held and sale activity is very limited, with a trend of consolidation of agricultural land holdings in the county. The Reservation Ranch Dairy was listed for sale in 2020 and remains on the market. This is the largest dairy in the county and includes 1,668 acres along with a 580-cow dairy facility.

Trinity County is located in the Klamath Mountains in northwestern California. This is also a remote and very steep area, with over 95% of the land area being forestland. Although there is some private timberland managed for timber production in the county and a Douglas-fir mill in Weaverville, the majority of forestland in the county is 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 southwestern corner of the county. Agricultural production includes beef cattle, range pasture, irrigated pasture, and a small number of vineyards. Agricultural land is closely held and sale activity is extremely limited. Generally, sales from adjacent counties must be relied on to value the agricultural land in Trinity County.

Much of the cannabis production and speculation from Humboldt County has moved into Trinity County since 2019. This is because Trinity County has a more lenient permitting system compared to Humboldt County, and it is easier to get an approved permit for cannabis cultivation. Furthermore, Trinity County is still issuing new permits. Parcels with good access, a building site, and a developed water source are in high demand due to requirements for permitting. This has resulted in strong sales activity and higher values for remote rural properties than for comparable properties in Humboldt County.

North Coast Region Timber Production: Timber production occurs in most of the counties that comprise the North Coast Region, except for Napa. For Humboldt, Del Norte, Mendocino, and Trinity counties, timber is a major contributor to the local economy. Redwood and Douglas-fir are the primary commercial timber

species in this region, but there is also pine and whitewood. 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.

Lumber demand remained strong through 2020, driven by housing starts and the repair and remodel sector. This was further accelerated by low interest rates and limited existing housing supply. Lumber prices peaked in late spring of 2021 before returning to 2020 levels by mid-summer. Subsequently, markets for timber were strong, reflecting increased lumber demand. Though log pricing did not skyrocket in the same fashion as lumber pricing did in 2021, log prices continued to be strong with pricing at or slightly higher than 2020.

The lightning complexes that burned private lands in Santa Cruz and Sonoma Counties in 2020 have resulted in a significant amount of salvage logs on the market in the southern portion of the North Coast Region. This has made it difficult for small timberland owners to contract loggers and truck drivers and has increased overall harvesting costs in the southern North Coast counties. Demand for green redwood and Douglas-fir logs was reduced initially as mills worked through the

burned timber off these fires. However, timber demand has returned to more stable levels.

The August Complex burned a large swath of southwestern Trinity County and northeastern Mendocino County in 2020 as well, however most of this timberland is federally owned and is unlikely to be salvaged and sold. Therefore, markets in the northern counties were less impacted by fire salvage in 2021. Fire salvage is expected to have limited impact on North Coast timber markets into 2022.

Demand for timberland, particularly redwood timberland, remains strong with few large investment-grade properties available for sale. Save the Redwoods League recently purchased approximately 3,200 acres of redwood and Douglas-fir timberland with coastal frontage in northwestern Mendocino County. Inland properties with more Douglas-fir and pine timber have historically been more influenced by cannabis cultivation than timber production. However, current log markets are shifting some demand for smaller timbered parcels (320 acres and less) from cannabis growers back to investors seeking long-term timberland investments and timber speculators.

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VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND
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Napa County

Vineyards - Prime	\$300,000 - \$500,000	Strong	Moderate	Stable-Increasing
Vineyards - Secondary	\$165,000 - \$375,000	Moderate	Moderate	Stable
Vineyards - Outlying	\$50,000 - \$165,000	Moderate	Limited	Stable
Plantable - Prime	\$200,000 - \$300,000	Strong	Limited	Stable-Increasing
Plantable - Secondary	\$165,000 - \$245,000	Moderate	Limited	Stable
Plantable - Outlying	\$50,000 - \$110,000	Limited	Limited	Stable-Declining
Homesite - Prime	\$2,000,000 - \$5,000,000	Moderate	Moderate	Stable
Homesite - Secondary	\$300,000 - \$3,000,000	Moderate	Moderate	Stable
Homesite - Outlying	\$0 - \$350,000	Limited	Limited	Stable

Sonoma County

Vineyards - Prime	\$90,000 - \$215,000	Moderate	Moderate	Stable
Vineyards - Secondary	\$70,000 - \$100,000	Slow	Limited	Stable
Plantable - Prime	\$65,000 - \$100,000	Moderate	Moderate	Stable
Plantable - Secondary	\$25,000 - \$45,000	Slow	Limited	Stable
Homesite - Prime	\$250,000 - \$3,100,000	Moderate	Moderate	Stable
Homesite - Secondary	\$0 - \$250,000	Slow	Limited	Stable
Sonoma-Marín Pasture	\$7,000 - \$14,500	Moderate	Limited	Stable

Mendocino County

Vineyards - Anderson Valley	\$65,000 - \$110,000	Moderate	Very Limited	Stable
Vineyards - Inland Mendocino	\$25,000 - \$45,000	Moderate	Moderate	Stable
Plantable - Anderson Valley	\$25,000 - \$40,000	Moderate	Very Limited	Stable
Plantable - Inland Mendocino	\$10,000 - \$20,000	Moderate	Limited	Stable
Homesite - Anderson Valley	\$200,000 - \$500,000	Moderate	Limited	Stable
Homesite - Inland Mendocino	\$50,000 - \$350,000	Moderate	Moderate	Stable

Lake County

Vineyards	\$25,000 - \$50,000	Moderate	Moderate	Stable
Plantable	\$10,000 - \$20,000	Moderate	Moderate	Stable

Humboldt County

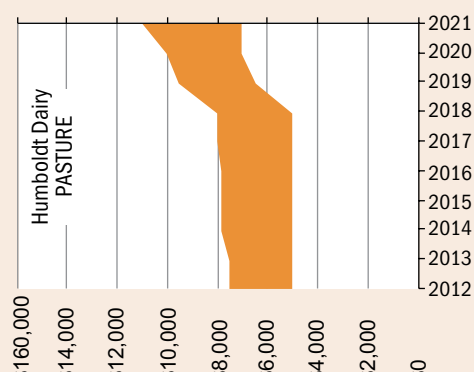
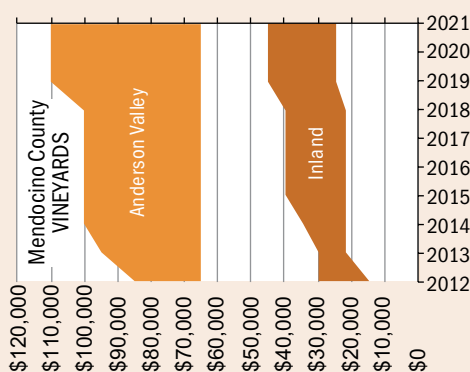
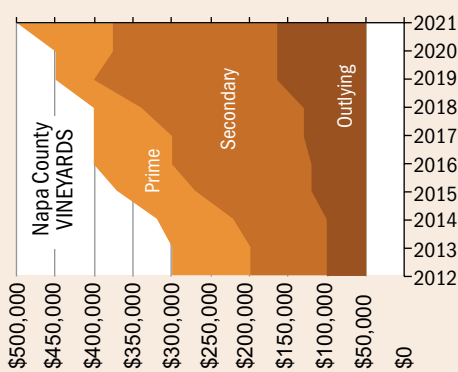
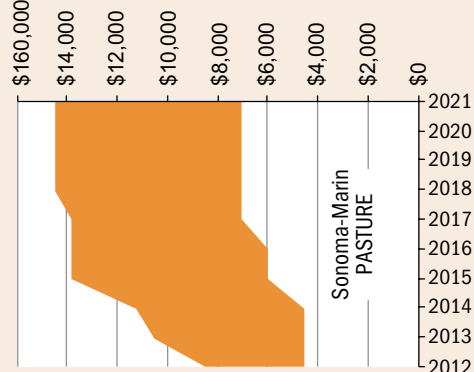
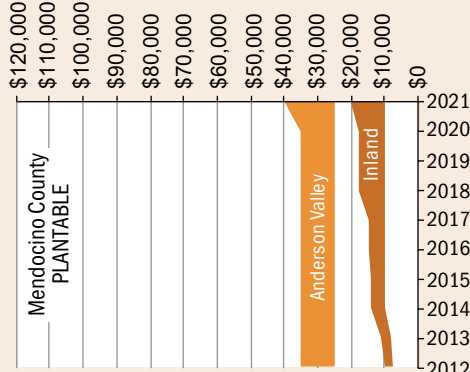
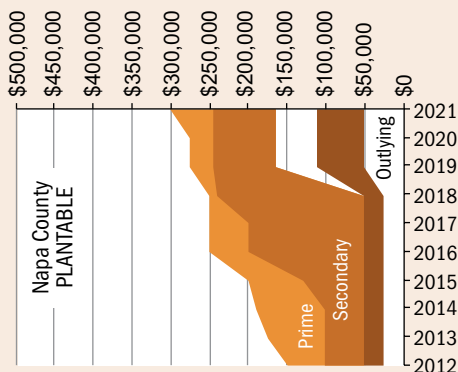
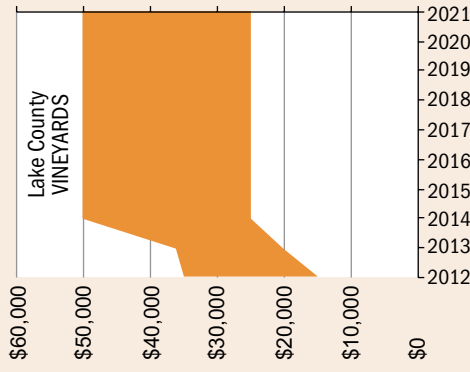
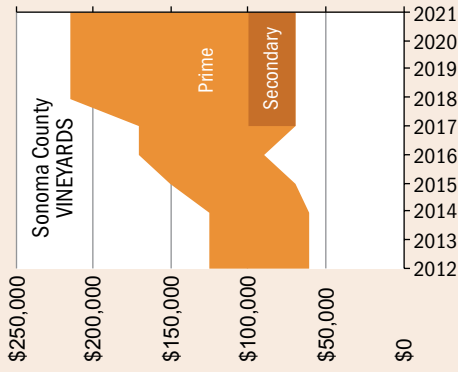
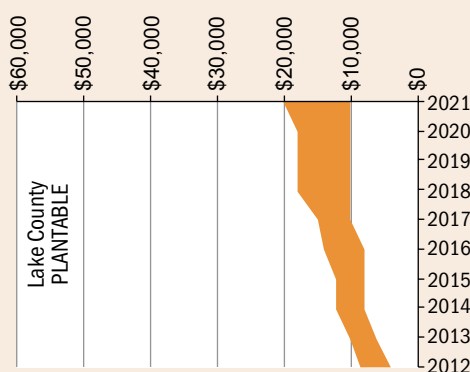
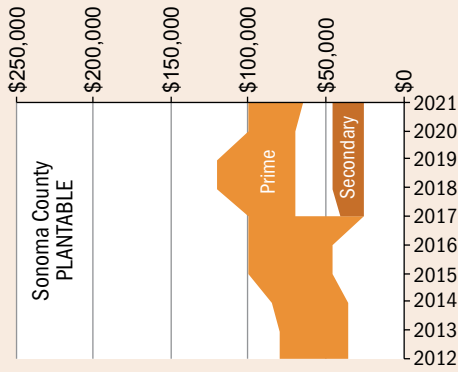
Dairy Pasture	\$7,000 - \$11,000	Moderate	Limited	Stable-Increasing
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Del Norte County

Dairy Pasture	\$7,000 - \$10,000	Limited	Limited	Stable-Increasing
Irrigated Cropland (Lily Bulbs)	\$7,500 - \$9,500	Limited	Limited	Stable-Increasing

HISTORICAL VALUE RANGE per acre

LAND USE	VINEYARDS: PRIME	VINEYARDS: SECONDARY	VINEYARDS: OUTLYING	PLANTABLE: PRIME	PLANTABLE: SECONDARY	PLANTABLE: OUTLYING
<u>Napa County</u>						
2021	\$300,000 - \$500,000	\$165,000 - \$375,000	\$50,000 - \$165,000	\$200,000 - \$300,000	\$165,000 - \$245,000	\$50,000 - \$110,000
2020	\$300,000 - \$450,000	\$165,000 - \$375,000	\$50,000 - \$165,000	\$200,000 - \$275,000	\$165,000 - \$245,000	\$50,000 - \$110,000
2019	\$300,000 - \$450,000	\$165,000 - \$400,000	\$50,000 - \$165,000	\$200,000 - \$275,000	\$165,000 - \$245,000	\$50,000 - \$110,000
2018	\$300,000 - \$400,000	\$120,000 - \$340,000	\$50,000 - \$130,000	\$200,000 - \$250,000	\$50,000 - \$240,000	\$25,000 - \$50,000
2017	\$300,000 - \$400,000	\$120,000 - \$300,000	\$50,000 - \$130,000	\$200,000 - \$250,000	\$50,000 - \$200,000	\$25,000 - \$50,000
LAND USE	PRIME	SECONDARY	OUTLYING	PRIME	SECONDARY	
<u>Napa County Homesite</u>						
2021	\$2,000,000 - \$5,000,000	\$300,000 - \$3,000,000	\$0 - \$350,000	\$250,000 - \$3,100,000	\$0 - \$250,000	
2020	\$2,000,000 - \$5,000,000	\$300,000 - \$3,000,000	\$0 - \$350,000	\$250,000 - \$3,100,000	\$0 - \$250,000	
2019	\$2,000,000 - \$5,000,000	\$300,000 - \$3,000,000	\$0 - \$350,000	\$300,000 - \$3,100,000	\$0 - \$300,000	
2018	\$2,000,000 - \$5,000,000	\$300,000 - \$3,000,000	\$0 - \$350,000	\$300,000 - \$3,100,000	\$0 - \$300,000	
2017	\$2,000,000 - \$5,000,000	\$300,000 - \$2,500,000	\$0 - \$350,000	\$300,000 - \$3,100,000	\$0 - \$300,000	
LAND USE	VINEYARDS: PRIME	VINEYARDS: SECONDARY	PLANTABLE: PRIME	PLANTABLE: SECONDARY	VINEYARDS	PLANTABLE
<u>Sonoma County</u>						
2021	\$90,000 - \$215,000	\$70,000 - \$100,000	\$65,000 - \$100,000	\$25,000 - \$45,000	\$25,000 - \$50,000	\$10,000 - \$20,000
2020	\$100,000 - \$215,000	\$70,000 - \$100,000	\$70,000 - \$100,000	\$25,000 - \$45,000	\$25,000 - \$50,000	\$10,000 - \$18,000
2019	\$100,000 - \$215,000	\$70,000 - \$100,000	\$70,000 - \$120,000	\$25,000 - \$45,000	\$25,000 - \$50,000	\$10,000 - \$18,000
2018	\$100,000 - \$215,000	\$70,000 - \$100,000	\$70,000 - \$120,000	\$25,000 - \$45,000	\$25,000 - \$50,000	\$10,000 - \$18,000
2017	\$100,000 - \$170,000	\$70,000 - \$100,000	\$70,000 - \$100,000	\$25,000 - \$40,000	\$25,000 - \$50,000	\$10,000 - \$15,000
LAND USE	VINEYARDS: ANDERSON VALLEY	VINEYARDS: INLAND MENDOCINO	PLANTABLE: ANDERSON VALLEY	PLANTABLE: INLAND MENDOCINO		
<u>Mendocino County</u>						
2021	\$65,000 - \$110,000	\$25,000 - \$45,000	\$25,000 - \$40,000	\$10,000 - \$20,000	\$7,000 - \$10,000	\$7,000 - \$9,500
2020	\$65,000 - \$110,000	\$25,000 - \$45,000	\$25,000 - \$35,000	\$10,000 - \$18,000	\$7,000 - \$10,000	\$7,500 - \$9,500
2019	\$65,000 - \$110,000	\$25,000 - \$45,000	\$25,000 - \$35,000	\$10,000 - \$18,000	\$7,000 - \$10,000	\$7,500 - \$9,500
2018	\$65,000 - \$100,000	\$22,000 - \$40,000	\$25,000 - \$35,000	\$10,000 - \$18,000	\$7,000 - \$10,000	\$7,500 - \$9,500
2017	\$65,000 - \$100,000	\$22,000 - \$40,000	\$25,000 - \$35,000	\$10,000 - \$15,000	\$4,000 - \$6,500	\$7,500 - \$8,000
LAND USE	VINEYARDS: ANDERSON VALLEY	VINEYARDS: INLAND MENDOCINO	PLANTABLE: ANDERSON VALLEY	PLANTABLE: INLAND MENDOCINO	DAIRY PASTURE	DAIRY PASTURE
<u>Sonoma/Marin Co.</u>						
2021						
2020						
2019						
2018						
2017						
LAND USE	VINEYARDS: ANDERSON VALLEY	VINEYARDS: INLAND MENDOCINO	PLANTABLE: ANDERSON VALLEY	PLANTABLE: INLAND MENDOCINO	DAIRY PASTURE	PASTURE





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NORTHERN SAN JOAQUIN



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NORTHERN SAN JOAQUIN

General Comments

In Region 3, agricultural land values showed significant value increases in 2021, particularly in areas with the greatest water security. The COVID-19 pandemic continued to influence the market for smaller rural properties, as remote workers competed with local farmers for larger homes with rural acreage, driving up values for ranchettes and small farms. For larger agricultural properties, south-valley growers facing SGMA pumping restrictions bid up prices for larger land and orchard properties, both within prime water districts and in well-only areas with no anticipated SGMA pumping restrictions.

Almonds and walnuts, two of Region 3's most prevalent commodities, continued to experience historically low crop prices, though almonds briefly had higher crop prices in the late summer/early fall. Regardless, nut orchard values increased in most markets on the strength of the region's water sources.

Relaxed COVID-19 restrictions resulted in somewhat of a return to normal for the wine grape and dairy commodity markets. Vineyard prices have been stable to slightly increasing, particularly in the Lodi area. While activity was limited, dairy prices showed a stable to slightly increasing trend as well, with the lower end of the range falling out completely. This is consistent with the trend toward larger facilities, rendering smaller facilities with little to no contributory value.

SGMA

Region 3 is home to nine groundwater sub-basins as defined by the California Department of Water Resources (DWR). Two in southern Sacramento County (South American and Cosumnes) are sub-basins of the Sacramento Valley Groundwater Basin, while the remaining seven are sub-basins of the San Joaquin Valley Groundwater Basin. In the northern and central parts of the region, there are six sub-basins that did not receive a critically overdrafted rating. The Cosumnes, East Contra Costa and Tracy sub-basins are all further classified as medium priority, while the South American, Modesto and Turlock sub-basins are classified as high priority. These six sub-basins were finalizing Groundwater Sustainability

Plans (GSPs) in 2021, in preparation for initial GSP draft submittals in January 2022. In the central and southern parts of the region, there are three sub-basins that are rated as critically overdrafted and submitted draft GSPs to the DWR in January 2020. These include the Eastern San Joaquin, Merced, and Delta-Mendota sub-basins. No draft GSPs in Region 3 explicitly limit the amount of groundwater which can be pumped initially, however future reductions in groundwater extraction will likely be needed to bring the critically-overdrafted sub-basins into compliance. Local Groundwater Sustainability Agencies (GSAs) are expected to take control over new well-drilling permits, which are still under a moratorium in Stanislaus (outside

of irrigation districts) and Merced counties. In November and December of 2021, the GSAs in the Eastern San Joaquin, Merced and Delta-Mendota sub-basins received notice from the DWR that initial reviews of their GSPs found deficiencies that may preclude the department's approval of the plans. The DWR will issue final determinations for these GSPs by January 29, 2022. The GSAs will then have 180 days to correct deficiencies in their GSPs identified by DWR and resubmit their GSPs. If DWR again finds the plans to be inadequate, the State Water Resources Control Board will take over development of local GSPs to satisfy the requirements of SGMA.

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Almonds

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

Sale activity increased with strong demand for almond orchards in Region 3, particularly in the water-secure eastern districts. The highest orchard prices continue to be paid for small to mid-sized orchards within desirable rural residential communities (Ripon, Del Rio, Wood Colony, and Hughson) or near urban centers with potential transitional use (Modesto, Turlock, Tracy and Merced). While orchards in these areas peaked at \$45,000/acre in 2020, in 2021 the almond orchard value range in these high-end areas was \$45,000 to \$65,000 per acre. The bulk of observed transactions were in the \$45,000 to \$55,000 per acre range, however a handful of sales (mostly for smaller parcels ranging from 10-30 acres) were observed in the mid \$60,000's per acre. One 300-acre orchard sold near the end of the year in the low \$50,000's per acre as well, so the value increases were not limited only to small parcels. However, parcel sizes are typically smaller in these districts (10, 20, and 40 acres) thus large holdings

rarely come on the market. Prices for orchards in outlying communities with good irrigation districts defined the middle of the range (Oakdale, Escalon, Ceres, Denair, Atwater/Livingston, Patterson, Gustine), generally ranging from \$30,000 to \$45,000 per acre, while older or low-producing orchards in less desirable irrigation districts or with well water only defined the low end of the range generally from \$22,000 to \$30,000 per acre. Upward price pressure was observed both at the high and low ends of the range, with moderate to high market activity. Several properties were pending at the end of 2021 at the high end of the value range for their respective water sources.

Almond commodity prices continued to be depressed through most of 2021. Approximately 80% of California's almond crop is exported, and logistics delays continued to impact handlers in 2021. Empty container exports, cancelled booking/sailings and excessive carrier fees were rampant, increasing both shipping and crop storage costs for handlers. The US continues to be the largest single market for California almonds, dwarfing the next three largest market destinations combined

(India, Spain and China/Hong Kong, respectively). At the beginning of the year handlers reported pricing for the 3.12-billion-pound 2020 crop primarily below \$2.00 per pound, with \$1.65-\$1.85 per pound considered typical average grower prices, depending on varieties and kernel size. Pricing dropped further in May, after the USDA released a subjective forecast of 3.2 billion pounds for the 2021 crop, with average grower pricing dropping to levels near \$1.50 per pound. Prices then rebounded in July when the USDA released their objective measurement of 2.8 billion pounds for the 2021 crop, with average pricing increasing to \$2.00 to \$2.20 per pound. As the 2021 crop was harvested, however, prices began to soften once again with position reports showing a crop size only slightly less than last year's in the first three months of harvest. By year-end crop pricing again ranged from \$1.65-\$1.85 per pound, with only larger sizes of Nonpareil over \$2.00 per pound.

Thus far the USDA has not reported a decline in statewide bearing acreage, rather reporting increases in both the bearing and non-bearing acreage for 2021. However, drought conditions



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severely restricted water availability in parts of the southern San Joaquin Valley in 2021, resulting in significant bearing acreage removals. As non-federal Region 3 water districts delivered normal water supplies in 2021 despite the drought, south-valley operators increasingly were drawn to the region and competed with local growers, particularly for larger orchard offerings.

Increased production costs continue to tighten margins for growers. The cost to establish and maintain an almond orchard increased dramatically in the past year, with irrigation system costs increasing over 100% in the beginning of the year, and fuel and fertilizer prices increasing by at least 50% towards year-end. Labor cost and scarcity also increased substantially in 2021.

Orchard leases continue to be active in Region 3. While orchards are typically owner-operated or custom farmed in the region, leases by absentee or non-farmer rural residents as well as for larger tracts developed in the eastern pasture areas are common. Leases vary widely in structure, but for smaller in-district properties they typically fall between 15% 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 to 30 years. Lease rates can vary greatly in the eastern part of the region and typically consist of larger tracts, where a water source is developed in conjunction with the orchard. Lease rates for these developments range from 8% to 20% of gross income to the landlord. At the low end of that range, tenants bear the cost of water development, while the landlord may share in this cost at the high end of the range. Leases may be shorter in duration in this area, particularly when the landlord is responsible for well development.

Walnuts

Sale activity for walnut orchards was again limited in 2021. The upper end of the range is defined by average to good-quality orchards in the best water districts, while the lower end of the range is defined by lower to average-quality orchards in less water secure areas. In both cases, orchard prices are near, though still slightly above, the underlying land value. Most walnut orchards sold as part of a larger, mixed-use property with complimentary almond blocks. Notably, good-quality orchard listings in less water secure areas failed to sell in some instances, though there were two larger walnut orchards in escrow at year-end near the high end of the land value range for their district (\$35,000 per acre).

Walnut commodity prices in 2021 dropped even lower than depressed prices of the prior year, due to continued record global production. The 2021

global walnut crop was projected at a record 2.3 million metric tons (inshell basis), representing a 7% increase over the prior year and 5% higher than the prior record crop in 2017. The USDA's objective measurement for the US walnut crop was 1.56 billion pounds (780,000 short tons) for 2021, up 19% over the prior year. China is the largest global walnut producer with approximately 45% of the global crop in 2021, with the US the second-largest producer at just over 30% of the global crop. Chile is the third-largest producer with approximately 7% of the global crop in 2021. Production has been increasing in all three of these major growing regions over the past five years, and while the US and Chile were the primary exporters over this time, China has rapidly captured market share in the last two years, competing for second place with Chile and exerting downward pressure on the global crop price.

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With margins tightening for many of the same reasons as almonds, most growers experienced an overall loss in 2021. New plantings have slowed significantly in California since 2017 and bearing acreage removals are projected to increase due to drought conditions coupled with multiple years of farming at a loss. Though California's 2021 crop is projected to set a record, future California walnut crops are projected to be smaller due to price pressure. Prices have ranged from \$0.65 to \$0.95 per pound (inshell) through most of the 2021 crop year, though inshell Chandlers increased to just over \$1.00 per pound at year-end.

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

Cherries

The cherry industry remains stable with limited participants in the marketplace as a higher-risk crop. Real estate values have generally been stable as most cherry orchards are located in areas with good water. Demand for cherries is expected to be strong in 2022 and most growers were profitable in 2021. The 2021 Cherry production in California was significantly higher than previous years. A good bloom with no spring rain resulted in much higher yields. The quality of the crop was not as good, given the higher production, and reported prices were down from 2020.

Per usual, sale activity for cherry orchards was very limited in 2021. The few known transactions in Region 3 did not indicate any significant change in value. The two known sales in San Joaquin County sold near or above

open land values and one sale in Stanislaus County sold for well above open land. There have been limited listings of cherry properties in the Stockton-Linden and Lodi areas over the past year.

Wine Grapes

The COVID-19 pandemic was at the forefront of the wine grape industry again in 2021. The California wildfires brought smoke to the valley for a second straight year, however it did not cause noticeable damage to the San Joaquin County grape crop. Inversely, demand for the undamaged grape crop was spurred by last year's lack of supply. Tasting rooms resumed limited openings and returned to some normal business, including events with limited guests. Some travel and dining restrictions were eased in the second and third quarter, but consumer mobility remained well below pre-pandemic levels. Fear of the new variants barred hospitality businesses and wineries from getting back to pre-pandemic levels. Likewise, income for businesses in the leisure and hospitality industry was less than half of pre-pandemic levels. Bulk wine grape pricing was up due to less supply from the previous year.

At the grower level, wineries have begun to offer some new grape contracts, including preplant contracts for new vineyard development. Market activity was moderate in 2021, with a stable to slightly increasing value trend. Demand for vineyard properties has also increased due to market participants seeking vacation rental properties and event sites. A couple of good-quality vineyards in the Lodi area sold for approximately \$38,000 per acre, with one sale pending around \$40,000 per acre at year-end. A few late-life vineyards without grape contracts in the Central Valley have sold; however, prices appear to be near open land values with buyers intending to remove the vineyards and plant more almonds.

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Rangeland

Sale activity for rangeland in 2021 was limited. The sales primarily occurred in Mariposa, eastern Merced and Calaveras counties and indicate a stable trend. Typical buyers for large tracts of rangeland are cattlemen. Beef cattle prices at the producer level continued to be low in 2021 despite the pandemic and higher consumer-level beef prices, resulting in a sixth year of low prices. Prices paid for rangeland in this area typically do not result in margins capable of creating a profit for raising cattle; however, cattlemen are motivated to purchase land despite inability to turn a profit due to rising rents, a decreased supply of pasture, and for longer-term investments.

That said, smaller, rural residential and recreational-type properties experienced strong demand and increasing prices, partially spurred by the COVID-19 pandemic and buyers either wanting to relocate to rural communities or purchase a secondary recreational

residence. However, smaller parcels purchased primarily for home sites were not included in the indicated range.

Very few sales of rangeland in the south and west portion of the region have occurred in the past few years. The value of west-side rangeland is stable as the utility for this land remains minimal, due to limited precipitation. Rangeland in the eastern and northern portions of the region represents the upper end of the value range due to higher rainfall and closer proximity to populated areas. Rangeland values are primarily influenced by size, location and topography, with prices having a strong inverse relationship with property sizes: as size increases, prices per acre decrease. Values are also influenced by conservation easements, which can potentially impact the utility, and in turn value, of rangeland properties.

North and east side rangeland rents are stable, due to high demand and a decreased supply of rangeland and irrigated pasture. These leases range

from \$25 to \$45 per acre in the north and east side areas, while south and west side leases define the lower end at \$10 to \$25 per acre.

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

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Cropland

In the northern portion of Region 3, cropland is separated into three geographical submarkets: Northern San Joaquin County, the Lodi region and the Delta. For Northern San Joaquin County, more specifically, permanent planting adaptable cropland or pasture north and east of Lodi, district water has historically not been a reliable source. The primary source of water in these areas is pump and well and the highest sales have been for properties with multiple sources of water and those located closer to Lodi and Stockton. Cropland values in this submarket were slightly increasing in 2021, with no notable changes in market demand or activity. The premium submarket

for cropland continues to be the Lodi region. Properties are more closely held in this area and there have been very limited transactions over the past few years to reflect the top of this market. However, the sales that did occur in 2021 indicate that open land values in Lodi are stable to slightly increasing. The lower end of the range continues to be defined by the Delta (islands and bordering cropland). The range in values for Delta land has increased slightly, with the lower end of the range still showing an increasing trend in 2021. The strongest demand has been for bordering cropland in the Stockton Delta, most notably Roberts Island, where permanent planting adaptability is highest and low-cost riparian water is

available. The lowest values continue to be seen farther north within the Delta islands, where the water table is higher, elevations are lower and permanent planting adaptability is the most speculative.

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



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In southern San Joaquin County, little impact on the market due to pending SGMA legislation has been experienced so far, apart from limited sale activity for cropland properties primarily reliant on pump and well water. In eastern Stanislaus County, no known sales of cropland properties which rely entirely on pumped groundwater occurred. While values are mostly stable, in Merced County, the distinction is becoming more evident between cropland which relies solely on pumped groundwater versus cropland which receives surface water. Properties with access to surface water, no matter the reliability or cost, command higher prices than those with no supplemental water source.

Although cropland within strong irrigation districts sets the upper end of the range, many farmers continue to fear the availability of adequate surface water in the future due to actions by the State Water Resources Control Board to limit surface water supplies to the districts.

Generally, cropland leases in Region 3 are stable with strong demand, due to a decreased supply caused by widespread development of permanent plantings over the past decade. Furthermore, increased land values command higher rents from landlords in order to turn a profit. For fertile farmland with reliable irrigation sources, annual rents typically range from \$300 to \$600 per acre. Sweet

potato leases in the sandy soil area of northern Merced Irrigation District and southern Turlock Irrigation District still bracket the upper end of the range for cropland leases. These rental rates are stable, with the upper end of the range around \$800 per acre per year. West-side properties with marginal soil quality and water availability bracket the lower end of the range, though lease rates can also vary significantly, as they are dependent on highly variable water clauses.



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Dairy

In 2021, dairy farmers faced strong headwinds from high costs for an ever-tightening farm labor force, and feed supply exacerbated by a second year of drought, while facing increasing regulatory pressure due to climate change.

As a result, dairy farmers increasingly weighed several options to remain in business including automation on the farm through robotics to offset labor costs, investments in cow comfort to improve productivity and address animal welfare issues, the use of beef semen to yield extra profits through beef sales or relocate further east due to continuing droughts.

COVID-19 vaccinations provided a return to some form of normalcy in 2021, which aided in the recovery of food service markets tied to restaurants and schools. In addition, government

purchase and payment programs, and expanded cheesemaking capacities in the Midwest improved milk prices for most dairy farmers by narrowing the gap between FMMO Class III and Class IV milk prices, as more milk was utilized for Class IV production.

Region 3 experienced a slight increase of dairy sales activity in 2021. Two sales occurred in Merced County involving 1,000 and 1,250 permitted milk cow facilities that were met with market acceptance from eager dairymen motivated in large part to expand their existing dairy operations, and by each property's respective water sources. In fact, both sales sold for approximately \$2,800-per-milk-cow (excluding underlying land value). A third sale took place in Stanislaus County involving a modern 1,000 permitted milk cow dairy in average-to-good condition with a fair land base. Yet, it was purchased by

an area dairyman motivated by the potential income as a tenant operated facility resulting in a value of approximately \$2,330-per-milk-cow.

Market data indicates that facility sales of less than 1,000 cows do not contribute value as a dairy facility, however the limited data available varies. Most sales of smaller facilities indicate either no value allocated to the improvements, or a small amount of value attributed to the facility as a feedlot.

As existing dairy farmers continue to strive for profitability, plottage has emerged as a key strategy for the survival of many operations within certain sub-regions of Region 3, where remaining sales mostly consisted of small substandard facilities. In addition to expanding their land base for feed production and manure management, the sales of substandard facilities also allow neighboring dairies to expand their herds by transferring the permitted cow numbers from the old facility to the buyer's main facility.

Therefore, dairy facility values are becoming largely dependent on their location to other existing dairy operations. At the same time, plottage has led to an ever-shrinking pool of potential buyers as the consolidation of smaller dairies into larger dairies continues to define the dairy market in Region 3.

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LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
Almonds – Irrigation Districts	\$32,000 - \$55,000	Strong	Active	Increasing	15% - 30%
Almonds – Federal Districts or Well Water Only	\$18,000 - \$30,000	Moderate	Moderate	Increasing	8% - 20%
Walnuts – Irrigation Districts	\$25,000 - \$35,000	Limited	Limited	Decreasing	15% - 30%
Walnuts – Federal Districts or Well Water Only	\$18,000 - \$28,000	Limited	Limited	Decreasing	15% - 30%
Cherries	\$25,000 - \$36,000	Limited	Very Limited	Stable	20% - 30%
Wine Grapes – Districts 6, 10, & 11	\$22,000 - \$40,000	Moderate	Moderate	Stable-Sl. Increasing	20% - 30%
Rangeland – Permanent Planting Potential	\$5,000 - \$9,000	Moderate	Limited	Stable	N/A - N/A
Rangeland – Grazing Only	\$600 - \$3,000	Moderate	Limited	Stable	\$10 - \$45

Cropland North: North San Joaquin, Contra Costa, Sacramento Counties

Cropland – N. San Joaquin County (Well Water, SEWD, SJWCD, Riparian)	\$16,500 - \$25,000	Moderate	Limited	Slightly Increasing	\$300 - \$450
Cropland – Lodi Region (Well Water & Woodbridge ID)	\$20,000 - \$30,000	Moderate	Very Limited	Slightly Increasing	\$350 - \$450
Cropland – Delta (Various Small Districts & Well Water)	\$15,000 - \$18,000	Strong	Active	Slightly Increasing	\$300 - \$500

Cropland Central: South San Joaquin, Stanislaus Counties

Eastside Districts (SSJID, OID, MID, TID)	\$24,000 - \$45,000	Strong	Moderate	Increasing	\$300 - \$700
Westside Riparian & Non-Fed Districts (inc. Gustine)	\$20,000 - \$31,000	Strong	Moderate	Slightly Increasing	\$300 - \$700
Federal Districts and/or Well Water	\$15,000 - \$20,000	Moderate	Limited	Slightly Increasing	\$150 - \$300

Cropland South: Merced County

Merced ID	\$20,000 - \$30,000	Moderate	Limited-Moderate	Stable	\$300 - \$800
Well Water, Westside Non-Federal, Class II MID & CWD, Riparian	\$14,000 - \$22,000	Moderate	Moderate	Stable	\$200 - \$400
Cropland - Federal Districts and/or Well	\$7,000 - \$11,000	Moderate	Limited	Stable	\$125 - \$200

Dairies: Merced, Stanislaus & San Joaquin Counties

Dairies (per lactating cow-without underlying land)	\$1,500 - \$2,500	Limited	Limited	Stable-Sl. Increasing	\$15 - \$20
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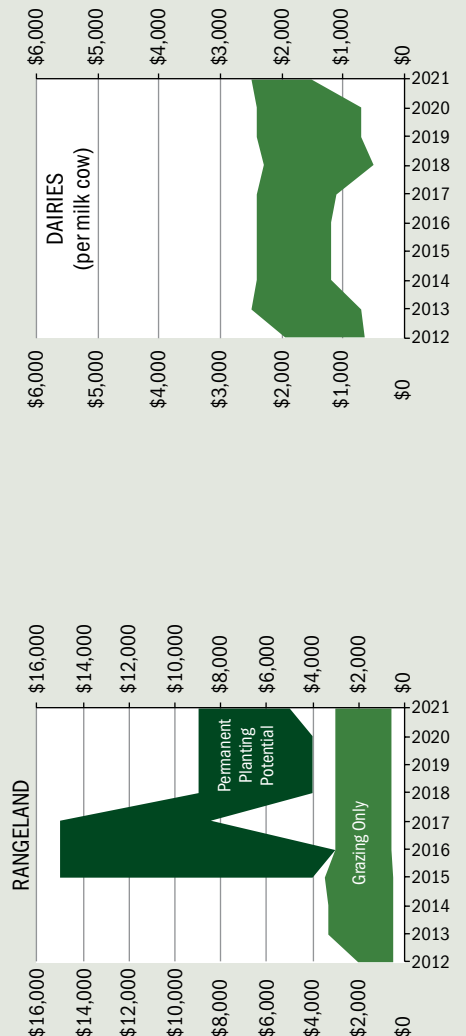
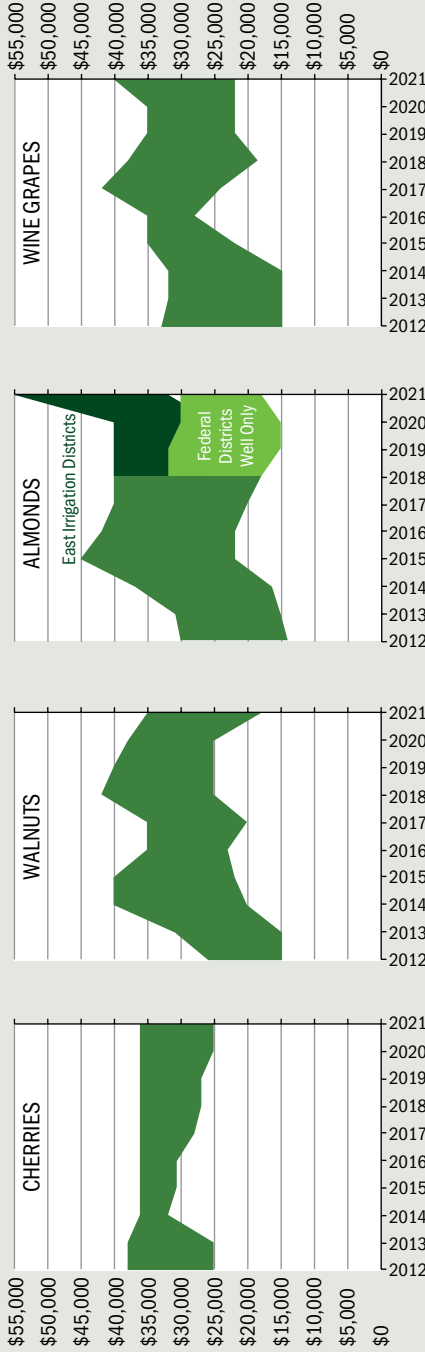
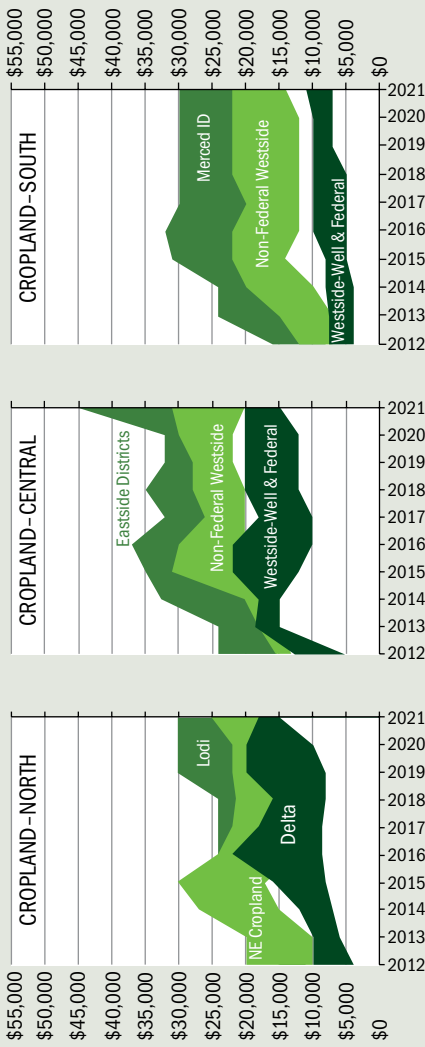
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HISTORICAL VALUE RANGE per acre

LAND USE	ALMONDS FED. WATER OR WELLS	ALMONDS IRRIGATION DISTRICTS	RANGELAND GRAZING ONLY	RANGELAND PERM. PLANT. POTENTIAL	WALNUTS	WINE GRAPES	CHERRIES
San Joaquin, Stanislaus & Merced Counties							
2021	\$18,000 - \$30,000	\$32,000 - \$55,000	\$600 - \$3,000	\$5,000 - \$9,000	\$18,000 - \$35,000	\$22,000 - \$40,000	\$25,000 - \$36,000
2020	\$15,000 - \$30,000	\$25,000 - \$40,000	\$600 - \$3,000	\$4,000 - \$9,000	\$25,000 - \$38,000	\$22,000 - \$35,000	\$25,000 - \$36,000
2019	\$15,000 - \$32,000	\$25,000 - \$40,000	\$600 - \$3,000	\$4,000 - \$9,000	\$25,000 - \$40,000	\$22,000 - \$35,000	\$27,000 - \$36,000
2018	\$18,000 - \$32,000	\$25,000 - \$40,000	\$600 - \$3,000	\$4,000 - \$9,000	\$25,000 - \$42,000	\$18,500 - \$38,000	\$27,000 - \$36,000
2017	\$20,000 - \$--	\$-- - \$40,000	\$600 - \$3,000	\$8,400 - \$15,000	\$20,000 - \$35,000	\$24,000 - \$42,000	\$28,000 - \$36,000
LAND USE	N. SAN JOAQUIN CO (SEWD, CS/WGD & WELL WATER)	LODI REGION (Woodbridge ID & WELL WATER)	DELTA LANDS (Small Districts & WELL WATER)				
Cropland: North							
2021	\$16,500 - \$25,000	\$20,000 - \$30,000	\$15,000 - \$18,000				
2020	\$12,000 - \$22,000	\$18,000 - \$30,000	\$10,000 - \$20,000				
2019	\$12,000 - \$22,000	\$18,000 - \$30,000	\$8,000 - \$20,000				
2018	\$11,000 - \$21,500	\$18,000 - \$24,000	\$8,000 - \$16,000				
2017	\$11,500 - \$22,000	\$18,000 - \$24,000	\$8,500 - \$18,000				
LAND USE	EASTSIDE DISTRICTS (SSJID, OJD, MID, TID)	WESTSIDE NON-FEDERAL DISTRICTS (includes Guistine)	FEDERAL DISTRICTS & WELL WATER				
Cropland: Central							
2021	\$24,000 - \$45,000	\$20,000 - \$31,000	\$15,000 - \$20,000				
2020	\$24,000 - \$32,000	\$22,000 - \$30,000	\$12,000 - \$20,000				
2019	\$24,000 - \$32,000	\$22,000 - \$28,000	\$12,000 - \$20,000				
2018	\$24,000 - \$35,000	\$20,000 - \$28,000	\$12,000 - \$20,000				
2017	\$22,000 - \$32,000	\$20,000 - \$26,000	\$10,000 - \$18,000				
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							
2021	\$20,000 - \$30,000	\$14,000 - \$22,000	\$7,000 - \$11,000				\$1,500 - \$2,500
2020	\$18,000 - \$30,000	\$12,000 - \$22,000	\$7,000 - \$10,000				\$700 - \$2,400
2019	\$16,000 - \$30,000	\$12,000 - \$22,000	\$7,000 - \$10,000				\$700 - \$2,400
2018	\$14,000 - \$30,000	\$12,000 - \$22,000	\$5,000 - \$10,000				\$500 - \$2,300
2017	\$14,000 - \$30,000	\$12,000 - \$20,000	\$5,000 - \$10,000				\$1,100 - \$2,400





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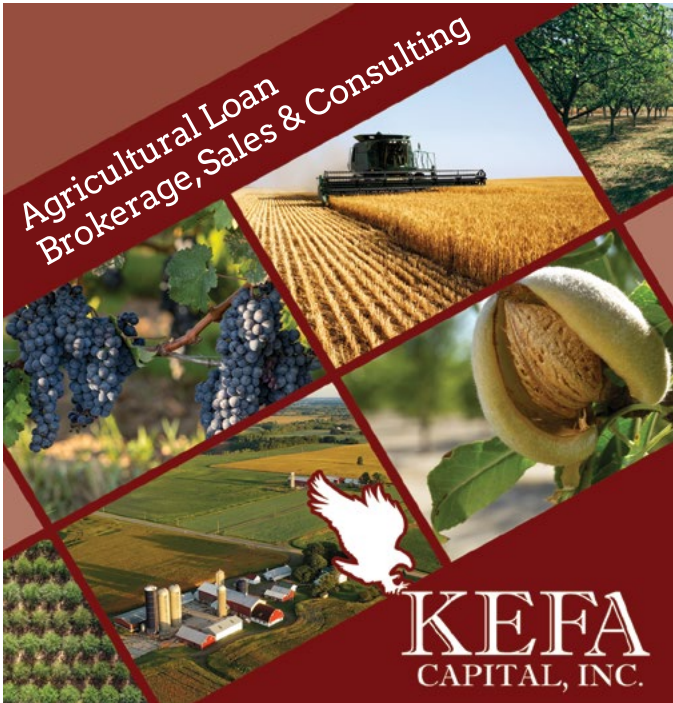
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General Comments

The value trend for agricultural real estate throughout Region 4 has been strong over the past several years, especially for tree nut orchards, and large blocks of land suitable for development to permanent plantings. The most notable change in 2021 was the strong upward movement in values for mature pistachio orchards with reliable water sources. A divergence in values for properties with two water sources versus single pumped groundwater source is evident and vast. The data continues to support a well-defined market for the two distinct segments based on water supply. A continued decline in values and recent failed escrows for White Area properties are evident within Groundwater Sustainability Associations with published pumping restrictions in their Groundwater Sustainability Plans (GSPs) as part of the Sustainable Groundwater Management Act (SGMA). The COVID-19 Pandemic has had minimal impact on agricultural values within the Central San Joaquin Valley to date; however, the disruption of supply chains, high unemployment rates, and general uncertainty impacted commodity prices and shipments.

Market activity for dairy facilities continued to be very limited in 2021 with value trends remaining stable due to interest in the underlying land from permanent planting growers, especially in areas with two water sources.

Rental rate ranges and activity reported for permanent plantings are based on limited data and are reflective of annual terms on mature, producing orchards, vineyards, or groves. Permanent planting developments are most often owner operated. Very few leases are available due to strong commodity prices and the higher income potential of these developments. Development leases have become more common in the region; however, these rental terms are not reflective of the rent range reported. Permanent planting rental rates have remained limited with a stable trend. Crop share agreements are most common in the permanent planting rental markets, ranging from 20% to 35% of gross income (developed). Tree fruit orchard and citrus grove lease agreements are more likely to be structured on a cash rental basis ranging from \$650 to \$1,000 per acre, reflecting a slight increase to the top end. Table grape vineyards are almost exclusively owner-operated. Land rents indicate limited to moderate activity and reflect annual terms. Long term rental agreements were not reported in this analysis.

Tree Nut Orchards

Market activity among tree nut orchards was moderate in 2021, supporting a stable to increasing value trend. Almond orchards have remained fairly stable to strong with water supply being the most critical factor. Several failed escrows occurred during the last quarter of 2021 related to water concerns and pending pumping restrictions in areas reliant on a single pumped water source. The upper end of the reported range is reflective of good quality orchards in areas with multiple water sources. Development of new almond orchards has slowed slightly while pistachio orchard developments continue to increase throughout Fresno and Madera Counties, expanding throughout the Central San Joaquin Valley.

Westside almond orchards located in the federal districts indicate a stable value trend with slight softening noted

in the last half of 2021. The low end of the overall value range represents these Westside transactions, with prices ranging from \$10,000 per acre to \$22,000 per acre. As compared to Eastside properties, lower prices on the Westside are a direct reflection of water conditions and the inability to apply marginal groundwater without blending with surface water. The bottom of the Westside range reflects orchards lacking a supplemental water source. Eastside sales within Fresno and Madera Counties with two water sources indicate a slight increase in the upper end of the range, ranging from \$25,000 to \$45,000 per acre. The top of the market is reflective of good quality young orchards located within the Fresno Irrigation District. Eastside sales without a surface water supply indicate a range from \$15,000 to \$28,000 per acre with limited demand and market activity.

Market activity for pistachio orchards increased moderately, with strong demand and a substantial increase in the 2021 value trend, with values ranging from \$17,000 to \$55,000. A \$15,000 increase is reflected in the top of the range, with two recent transactions exceeding the value range. Demand is strongest for mature orchards located in areas with reliable water sources. Westside pistachio developments reflect a slightly softer value range with sales bracketing the top of the market at \$40,000 per acre. The low end of the range in Madera County is reflective of older orchards planted on non-resistant rootstocks with high water costs and often unreliable water supplies. A sizable number of these older orchards remain in Madera County, but few exist in Fresno County.

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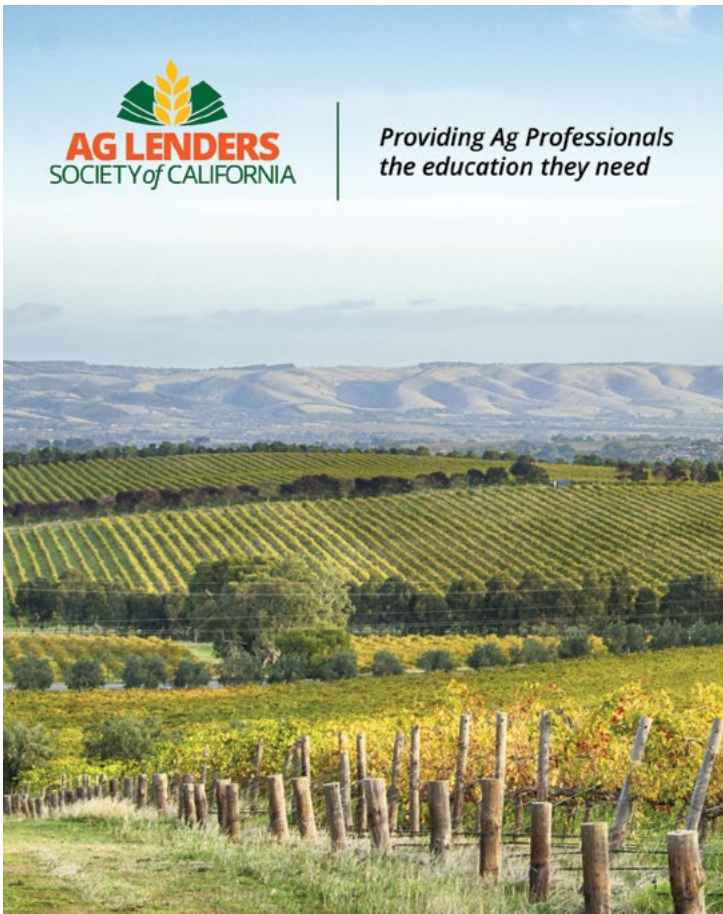
Tree Fruit Orchards

Sale activity remained limited in Fresno County during 2021; however, the few transactions that occurred indicate a slightly increasing value trend. Demand has historically been influenced more by location and general land characteristics, rather than orchard quality. The low end of the value range typically represents orchards whose tree fruit varieties are not in high demand or are located in secondary tree fruit markets. In most markets, the low end of the range tends to parallel open land value as buyers often redevelop the orchards to new tree fruit varieties or other permanent plantings. The tree fruit industry has recently been consolidated into the control of a few large entities. Many smaller operations have sold their orchards to these larger, vertically integrated entities.

Citrus

Sales of citrus groves in Fresno County were limited in 2021 with a slightly increasing value trend. Demand continues to remain strongest for specialty citrus crops including Mandarins, Tangos, and modern lemon varieties. Demand for the Clementine and Murcott varieties has decreased due to the higher cost of production in pursuit of the elimination of the seeds. Satsumas have also lost favor and are being purchased for redevelopment. A significant increase in mandarin

acreage has been noted over the past several years, continuing throughout 2021. Two large packer/processors are in the process of expansion to accommodate the increased crop. Navels and lemon varieties have also experienced an increase in bearing acreage with a decline noted in valencia acreage. The low end of the range is characteristic of older groves with inferior varieties in high water cost areas. Most buyers of these older groves continue to farm them in the short term with redevelopment eminent.



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Vineyards

The majority of the vineyard activity in 2021 involved traditional raisin producing vineyards in Fresno and Madera Counties, with most of the sale activity occurring in Fresno County. Despite generally stronger pricing in more recent years, the majority of these vineyards continue to be purchased for redevelopment to other permanent plantings with a higher income potential, and vineyard values have remained consistent with or slightly above open land values. The value trend for raisin grape vineyards has remained stable over the last year. A slight bump in the upper-end value range is reflective of demand for land within the desirable irrigation districts, not a reflection on the demand for vineyards. The high end of the value range is representative of vineyards

with yields substantially above industry standards and/or location within prime water districts.

Wine grape vineyard sale activity was considered limited in 2021 with an overall stable value trend ranging from \$26,000 to \$32,000 per acre for vineyards within an irrigation district. The market for wine grapes has strengthened slightly with stronger pricing; however, values for most vineyards continue to mirror land values. Demand remains driven by good quality soils and water conditions for redevelopment to nut crops.

Table grape vineyard sales were very limited in 2021, with the data suggesting a stable value range from \$26,000 to \$38,000 per acre. The low end of the value trend is consistent with raisin and wine grape vineyards, reflecting land value. The top end of the range is

characterized by good quality table grapes with modern trellising and desirable varieties. Very limited market data is available for these good quality developments; however, the top of the range tends to be higher when compared to raisin and/or wine grape vineyards.

Market demand and market activity for vineyard properties without surface water supplies remained limited in 2021. The value trend is described as stable, ranging from \$12,000 to \$22,000 per acre. Although the market has remained stable, a slight divergence in vineyard versus land value has been noted in areas reliant on a single water source, with vineyards indicating an enhancement over open land.

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Cropland


The market activity for cropland in all markets in Fresno and Madera counties ranged from very limited to moderate, with stable value trends primarily demonstrated throughout the region. The most recent indicators within the Westlands, San Luis, and Panoche Water Districts indicate a stable value trend with values ranging between \$5,500 and \$11,000 per acre. The highest land values are currently found within the Westlands Water District. Open land lacking a supplemental water source and/or poor soils and drainage conditions reflect the lower end of the range (\$5,500 to \$9,000 per acre), while those properties with supplemental wells, good quality soils, and favorable drainage conditions are

reflective of the upper end of the range (\$9,000 to \$11,000 per acre). Sale activity continues to be driven by buyers who intend to develop the properties to permanent plantings, primarily pistachio and almond orchards.

Activity in the Exchange Contractor districts of Western Fresno and Madera Counties was limited in 2021; data points suggested a stable value trend with stable market demand. Land in these markets tends to be tightly held by multi-generational farming families who recognize the benefit of the reliable and inexpensive water supplies these districts enjoy. Buyers in these markets tend to be neighboring landowners who would like to expand their operations. The Exchange Contractor districts provide water stability lacking in the

USBR districts, evidenced by the higher value trend range of \$12,000 to \$22,000 per acre.

Market activity of Fresno County cropland with surface water delivery was limited in 2021, with a stable value trend. The range of values observed is wide, from \$11,000 to \$32,000 per acre. The low end of the range is represented by cropland properties toward the west side of the county, where soil and drainage conditions are less desirable, especially as they relate to permanent planting development. The high end of the range is prevalent in markets where competition among buyers is higher and soil, water, and drainage conditions are good. The single most determining factor for land value is water source. Irrigated field cropland with



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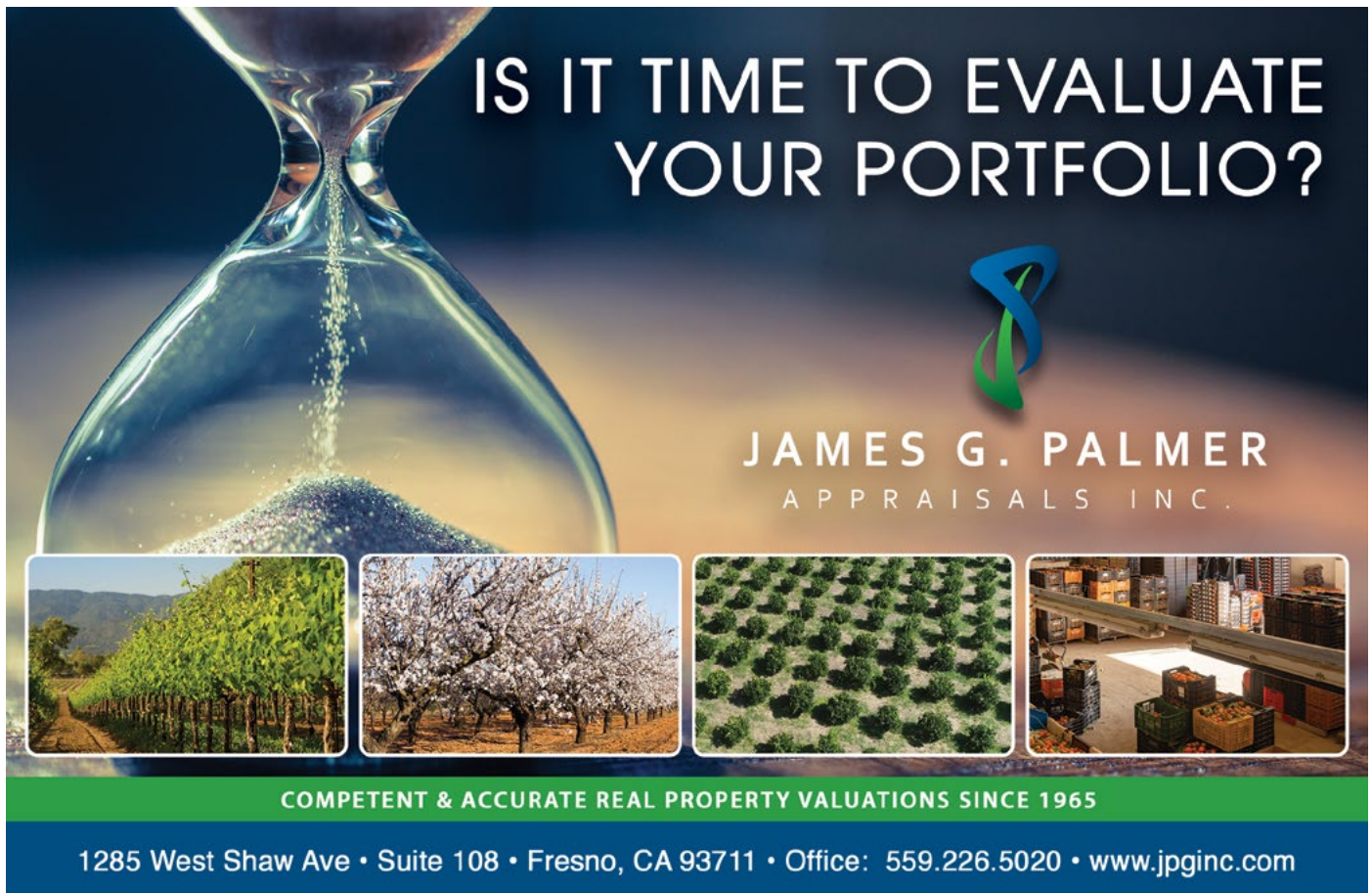
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both surface water deliveries and good-quality well water retain the strongest demand and value.


Activity and demand for Fresno County cropland with well water as its sole water supply remained limited in 2021, with a stable value trend ranging from \$10,000 to \$18,000 per acre. Like other markets, values are dictated by soil conditions and water supplies. Demand for properties dependent upon pumped groundwater remains limited. Brokers and market participants are becoming more cognizant of water sources with consideration given to pumping restrictions due to SGMA and the availability of surface water deliveries, which has negatively affected this market.

Activity for cropland in Madera County was also described as limited in 2021; however, the trend has remained stable for those properties within irrigation districts. Properties solely reliant upon well water reflect a stable value trend with limited demand, similar to Fresno County. Most activity and demand in the market is derived from buyers motivated to develop permanent plantings. This trend has been observed in the market over the past several years and continues to be the driving force.

District water deliveries on the east side of Fresno and Madera Counties are becoming more vital due to the Sustainable Groundwater Management Act. Properties with multiple sources of water have experienced the greatest demand and strongest values in 2021. This trend is expected to continue as a result of the SGMA with some GSA's requiring pumping restrictions.



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Rangeland

Market activity for rangeland properties in the westside and eastside markets of Fresno County and the eastern Madera County market was limited, indicating a stable value trend. Market demand remained stable for eastside properties, with a value range reported between \$1,000 and \$2,500 per acre. The high end of the range in the eastside market is reflective of good quality rangeland with moderate topography, reliable stock water sources, and working corrals. Smaller parcels with strong rural home site influences have been noted above the reported value trend range, however are not considered reflective of production agriculture. Westside rangeland sales were very limited in 2021, supporting a stable value range falling between \$300 and \$1,000 per acre.

Dairy Industry

Market activity for dairy facilities continued to be very limited in 2021; however, market demand and value trends for dairies remained stable. Values are often supported by interest in the underlying land from permanent planting growers, especially in areas with multiple sources of irrigation water and/or with good permanent planting development potential. Most sales of smaller facilities in the valley continue to be purchased mainly for the underlying land or conversion to dairy heifer feedlots. The facilities on these dairies were either abandoned or removed after the close of escrow. Larger dairies continue to be purchased primarily by dairy operators; however, there is still interest in these larger dairies and associated land from permanent planting developers.

There have been several dairies liquidated over the last few years, with the older and less efficient facilities being impacted the most. This was primarily a result of an extended period of volatile prices paid to dairy producers, higher costs for feed, restrictive environmental regulations, and COVID implications on distribution channels. Larger dairy operations have been better positioned to weather the challenges facing the dairy industry and, therefore, have received the greatest market demand from buyers in the marketplace. The amount of support land is also another primary factor affecting dairy values, as a considerable amount of support land is needed to grow forage crops and accommodate waste management. Dairy operations located in white areas with a single water source and limited groundwater pumping in GSAs with restrictive GSPs is negatively impacting the marketability of dairy operations and their associated market values.

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LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
Permanent Plantings					
Almonds (Eastside - District Water)	\$25,000 - \$45,000	Stable-Strong	Moderate	Stable-Sl. Increasing	25% - 35%
Almonds (Eastside - No District Water)	\$15,000 - \$28,000	Limited	Limited	Stable-Sl. Decreasing	25% - 35%
Almonds (Westside)	\$10,000 - \$22,000	Stable	Limited	Stable	25% - 35%
Pistachios	\$17,000 - \$55,000	Strong	Moderate	Increasing	25% - 30%
Tree Fruit	\$25,000 - \$38,000	Strong	Limited	Sl. Increasing	\$650 - \$1,000/acre
Citrus	\$24,000 - \$45,000	Strong	Limited	Sl. Increasing	\$650 - \$850/acre
Raisin Grapes	\$26,000 - \$36,000	Stable	Moderate	Stable	20%
Table Grapes	\$26,000 - \$38,000	Stable	Very Limited	Stable	N/A
Wine Grapes	\$26,000 - \$32,000	Limited	Limited	Stable	N/A
Vineyards (No District Water)	\$12,000 - \$22,000	Limited	Limited	Stable	20%

Cropland

Fresno County (USBR-West)	\$5,500 - \$11,000	Stable	Moderate	Stable	\$175 - \$350/acre
Fresno County (Exchange Contractor Districts)	\$12,000 - \$22,000	Stable	Limited	Stable	\$250 - \$450/acre
Fresno County (Districts)	\$11,000 - \$32,000	Stable-Strong	Limited	Stable	\$200 - \$400/acre
Fresno County (Well Water, No District)	\$10,000 - \$18,000	Limited	Limited	Stable	\$150 - \$350/acre
Madera County (Districts)	\$18,000 - \$26,000	Stable	Limited	Stable	\$200 - \$350/acre
Madera County (Well Water, No District)	\$8,000 - \$14,000	Limited	Very Limited	Stable	\$150 - \$350/acre

Rangeland

Westside	\$300 - \$1,000	Stable	Very Limited	Stable	\$5 - \$15/acre
Eastside	\$1,000 - \$2,500	Stable	Limited	Stable	\$15 - \$30/acre

Dairies: Fresno & Madera Counties

Newer (per lactating cow - without underlying land)	\$1,400 - \$2,400	Stable	Very Limited	Stable	\$10 - \$20
Older (per lactating cow - without underlying land)	\$700 - \$1,400	Stable	Very Limited	Stable	\$5 - \$15

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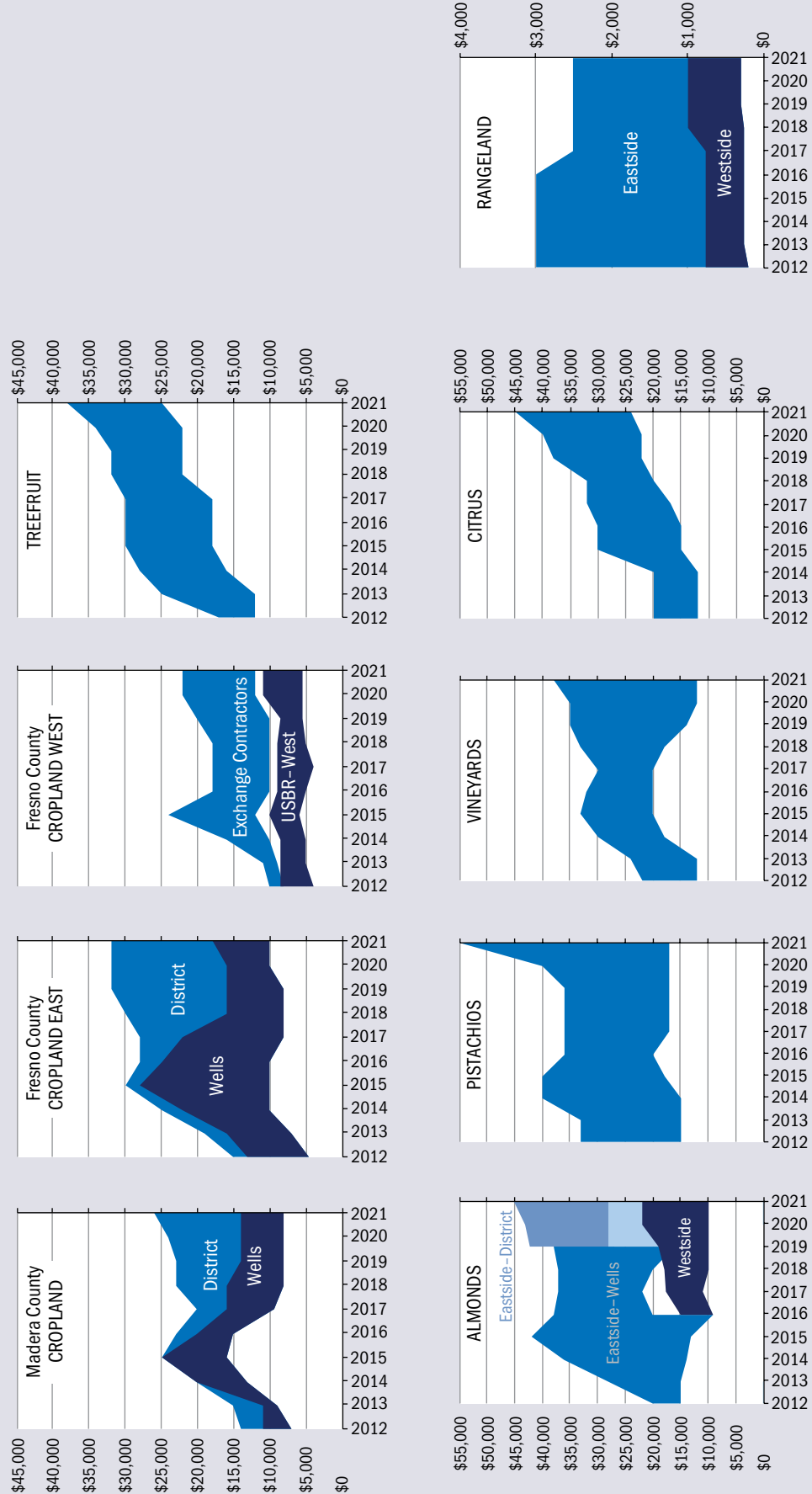
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HISTORICAL VALUE RANGE per acre

LAND USE	ALMONDS - WESTSIDE	ALMONDS - EASTSIDE	PISTACHIOS	TREE FRUIT	CITRUS	RAISIN GRAPES	TABLE GRAPES	WINE GRAPES
<u>Fresno & Madera Counties</u>								
2021	\$10,000 - \$22,000	\$15,000 - \$45,000	\$17,000 - \$55,000	\$25,000 - \$38,000	\$24,000 - \$45,000	\$26,000 - \$36,000	\$26,000 - \$38,000	\$26,000 - \$32,000
2020	\$10,000 - \$22,000	\$16,000 - \$40,000	\$17,000 - \$40,000	\$22,000 - \$34,000	\$22,000 - \$40,000	\$26,000 - \$35,000	\$26,000 - \$35,000	\$24,000 - \$32,000
2019	\$10,000 - \$19,000	\$16,000 - \$38,000	\$17,000 - \$36,000	\$22,000 - \$32,000	\$22,000 - \$38,000	\$26,000 - \$35,000	\$26,000 - \$35,000	\$26,000 - \$32,000
2018	\$10,000 - \$18,000	\$20,000 - \$37,000	\$17,000 - \$36,000	\$22,000 - \$32,000	\$20,000 - \$32,000	\$18,000 - \$30,000	\$18,000 - \$33,000	\$18,000 - \$28,000
2017	\$11,000 - \$17,500	\$22,000 - \$37,000	\$17,000 - \$36,000	\$18,000 - \$30,000	\$17,000 - \$32,000	\$20,000 - \$30,000	\$20,000 - \$30,000	\$20,000 - \$28,000
LAND USE	USBR-WEST	EXCHANGE CONTRACTORS	DISTRICT WATER	WELL WATER	DISTRICT WATER	DISTRICT WATER	WELL WATER	WELL WATER
<u>Fresno County Cropland</u>								
2021	\$5,500 - \$11,000	\$12,000 - \$22,000	\$11,000 - \$32,000	\$10,000 - \$18,000	Madera County Cropland			
2020	\$5,500 - \$11,000	\$12,000 - \$22,000	\$11,000 - \$32,000	\$10,000 - \$16,000	\$18,000 - \$26,000			
2019	\$5,500 - \$8,500	\$10,000 - \$20,000	\$11,000 - \$32,000	\$8,000 - \$16,000	\$16,000 - \$24,000			
2018	\$5,000 - \$9,000	\$10,000 - \$18,000	\$12,000 - \$30,000	\$8,000 - \$16,000	\$16,000 - \$23,000			
2017	\$4,000 - \$9,000	\$10,000 - \$18,000	\$11,000 - \$28,000	\$8,000 - \$22,000	\$16,000 - \$20,000			
LAND USE	RANGELAND WESTSIDE	RANGELAND EASTSIDE	DAIRIES NEWER	DAIRIES OLDER				
<u>Fresno & Madera Counties</u>								
2021	\$300 - \$1,000	\$1,000 - \$2,500	\$1,400 - \$2,400	\$700 - \$1,400				
2020	\$300 - \$1,000	\$900 - \$2,500	\$1,400 - \$2,400	\$700 - \$1,400				
2019	\$300 - \$1,000	\$900 - \$2,500	\$1,400 - \$2,400	\$700 - \$1,400				
2018	\$250 - \$1,000	\$750 - \$2,500	\$1,400 - \$2,400	\$700 - \$1,400				
2017	\$250 - \$750	\$750 - \$2,500	\$1,400 - \$2,400	\$700 - \$1,400				





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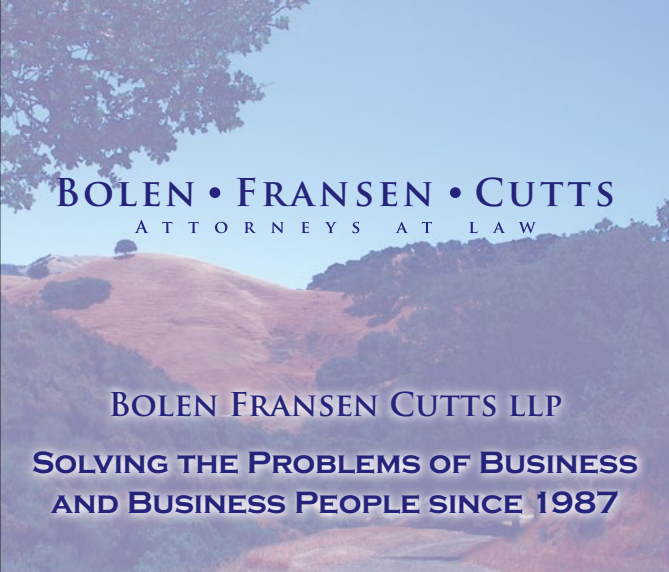
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General Comments

The agricultural land market within Region 5 continued to show resiliency against the effects of COVID-19 when compared to other major real estate sectors. Value trends within the agricultural land market were mostly stable, with exception of properties with marginal to no surface water rights. Concerns and further clarity in 2021 over the implementation of Groundwater Sustainability Plans (GSPs) and the Sustainable Groundwater Management Act (SGMA) provided greater direction on market pricing for permanent crops and more importantly the underlying land value. The market has taken into greater account the future water budget of property based on projected groundwater pumping regulations and historical percentage of surface water deliveries in the analysis of the property's feasibility, in addition to the intended crop to be grown in determining values.

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

Almonds

While overall almond commodity prices were substantially weaker in 2021 the last quarter of the year showed slightly stronger prices as trade began to pick up. As a result, commitments for shipments declined in the first three quarters, but then strengthened in the fourth quarter due to pent-up demand and lower prices. The slightly stronger prices in the fourth quarter of the year created stability but did not increase demand in the orchard market. The movement of orchards is below average and the values have appeared to be stable to slightly decreasing. Almond orchards are selling in a range of \$20,000 per acre to \$34,000 per acre in Kern County.

Good quality orchards in 2021 defined the high end of the range, selling from \$28,000 to \$34,000 per acre. Older orchards with limited economic life defined the low end of the value range selling from \$20,000 to \$24,000 per acre. There are buyers actively in the market but very limited sellers. Buyers are searching for younger orchards, aged 4 to 10 years, and older orchards for redevelopment with multiple sources of water.

Table Grapes

Sales of table grape vineyards were very limited in 2021, as is typical. The majority of vineyards purchased in 2021 were for redevelopment and purchased at open farmland values. There were two transactions of economic vineyards in 2021 each selling for values of \$27,500 and \$38,500 per acre. Both of these sales included young vineyards with average to above average varieties located within water districts with combination surface and groundwater supplies. The allocated value to the vines extracting the underlying land was approximately \$6,000 and \$10,000 per acre, respectively. There are very limited buyers actively in the market with limited sellers of newer variety vineyards. The lack of recent sales data reflects the transition of market conditions and the reluctance of sellers to accept offers that are well below previous prices paid for good quality vineyards. Value trends indicated weak to slightly decreasing in 2021 values of table grape vineyards. Broker

interviews indicate that they have had offers in the \$3,000 to \$8,000 per acre range above farmland value, but most sellers are unwilling to accept anything below \$10,000 an acre considering the substantial investment they have in developing the vineyards.

An improving California table grape market was observed in 2021 when reviewing demand and pricing compared to recent years. Domestic retailers have shown greater commitment to California table grape operators through the month of December, rather than accepting imports from other table grape producing countries. North and Central American retail markets were particularly good through the 2021 season, with steady imports of production exported to markets such as Australia, Japan, New Zealand, Singapore, South Korea, and Taiwan, despite worldwide shipping issues. 2021 crop was considered similar in size to that of 2020 (approximately 101.1 million 19-pound boxes).

The table grape industry overall had a breakeven year in 2021, following 5 previous years of losses. Operators indicate differences in opinion as to the major factors affecting the industry but the two that are most often mentioned are overproduction and trade tariffs. Coming off 2021 and looking forward there is a consensus that there will be significantly fewer growers in the coming years, as vines are removed and nut or citrus crops are planted in their place. As a result of overproduction, tariffs, labor, and the overlapping markets of Mexico, the Coachella Valley, and the San Joaquin Valley, the commodity prices for most table grapes is less than the cost of production. Previous analysis of the profitability of table grape operations is no longer relevant and many vineyards would only sell for open ground value if placed on the market today.

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Citrus

Demand for citrus plantings was average with limited market activity in 2021, as sales of citrus groves in Tulare and Kern counties were observed ranging from \$21,000 to \$41,500 per acre. The high end of the range reflects sales in Kern and Tulare Counties of good-quality groves with newer navel and mandarin varieties. The low end of the range reflects sales primarily in the Terra Bella-Ducor area of southern Tulare County and the McFarland area of northern Kern County. Values in the Wheeler Ridge-Maricopa area in southern Kern County would fall near the upper end of the range but sales in that area rarely occur.

Tree Fruit

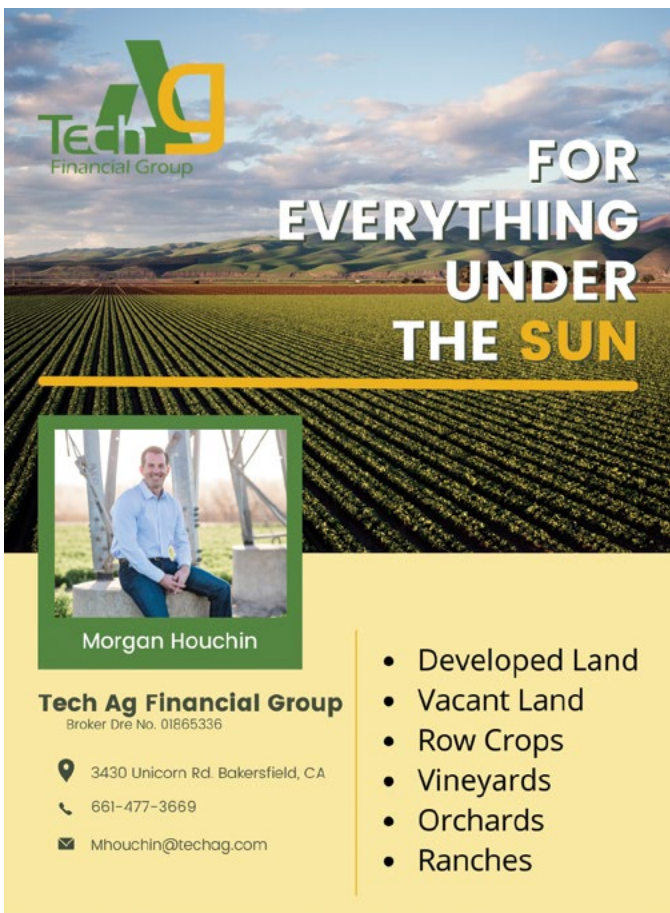
Sales of tree fruit orchards continue to be primarily limited, with the majority transacting to existing grower/packers. While a good portion of the tree fruit orchard sales continue to be purchased primarily for the underlying ground, good quality orchards developed with young, desirable varieties are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

Walnuts

Walnut prices dropped in 2021, similar to almonds, though walnuts were affected by trade tariffs to a much greater degree. Sales of walnut properties were very limited, selling from \$24,000 to \$30,000 per acre in Tulare County.

Pistachios

Favorable pistachio commodity pricing to the grower continued through 2021. As a result, there were a few good quality orchards for sale in areas with dependable water supplies; however, demand for these orchards with adequate water supplies is strong. Due to competition from other nut crops for good soils with reliable 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 less reliable water supplies. Sales of pistachio properties were very limited, ranging from \$35,000 to \$52,000 per acre. Large and small blocks of pistachios in White Land areas (areas with no surface water rights or delivery) are receiving little to no buyer activity.



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Rental Data On Permanent Crops

In Region 5 rental data for open ground is relatively common, but the leasing of permanent crops is rare. Where there is seemingly more data, many of the leases are between family members or the terms are held confidential by investment holders. This has resulted in most if not all of the crop share data for permanent crops remaining unchanged over the past few years, as new data is seldom uncovered. On the occasion that new data is found, it has been incorporated into our understanding of the limited market

and reflected in the accompanying table. From this occasional crop share data of permanent crops, we have attempted to estimate cash equivalent rents, without providing for a lower return on cash rents due to less risk to the landlord. These crop share and cash equivalent rents are made under the assumption that the landlord both owns the ground and developed the permanent planting. Often, land is leased for 15 to 20 years, and the tenant develops the permanent plantings; therefore, the landlord would not receive the full crop share or cash rent equivalents reflected in the data provided.


Kern County Cropland

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

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

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

5



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Buyers are well-versed and, for the most part, understand SGMA's implications thus are making decisions on the best information provided by local basin managers and experts. Sellers are understanding the implications of SGMA and the long-term effects on water use and its relationship to value. Many water districts and Groundwater Sustainability Agencies have already begun to implement self-imposed groundwater pumping restrictions in 2021 going forward. Draft Groundwater Sustainability Plans (GSPs) were found to be inadequate by DWR in response letters to each GSP and its respective basin. Each GSA has 180 days to respond to correct deficiencies in their GSPs and resubmit to DWR. If DWR again finds the plans to be inadequate, the State Water Resources Control

Board will take over development of local GSPs to satisfy the requirements of SGMA.

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

Sale activity in 2021 was substantially lower from the previous year in both water districts with less reliable water sources and in White Land areas. The number of marketed properties actually rose reflecting slowing demand for permanent crop development land in these areas despite higher commodity prices for nut crops. The amount of projected surface water deliveries

and groundwater pumping safe yields available to properties directly equates to how the market views and values the land.

On the other hand, sale activity for land in good-quality water districts in 2021 also slowed from the previous year due to the lack of properties entering the market for sale. These districts have developed water banking programs over the past several years and continue to put forward new and exceptional projects to increase supply, decrease overdraft, and help manage water needs in the future. Properties in such districts that enter the market receive above average consideration.



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Rangeland – East

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

Rangeland – West

Traditionally there is little rangeland sold for grazing purposes on the west side of Kern County. The economics of grazing land in this area do not vary much from one year to the next. There is no home site influence and limited recreational potential. Land values were stable in 2021, with a stable value trend projected going forward.

Tulare & Kings County

Cropland

Tulare County cropland property values were stable in a range of \$10,000 to \$29,000 per acre. The highest demand has been for cropland with prime soils and irrigation water from a combination of dependable surface water and groundwater sources.

Northern Kings County cropland property values were stable in a range of \$20,000 to \$24,000 per acre. Cropland values in Central Kings County were also stable in a range of \$18,000 to \$24,000 per acre. Land sales in Western Kings County were very limited with two sales indicating values between \$5,000 and \$8,000 per acre.

Land sales in Southern Kings County were also very limited with two sales indicating values ranging from \$12,000 to \$15,000 per acre.

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

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

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

Water districts and Groundwater Sustainability Agencies have already begun to implement self-imposed groundwater pumping restrictions in 2021 going forward. Draft Groundwater Sustainability Plans (GSPs) were found to be inadequate by DWR in response letters to each GSP and its respective basin. Each GSA has 180 days to respond to correct deficiencies in their GSPs and resubmit to DWR. If DWR again finds the plans to be inadequate, the State Water Resources Control Board will take over development of local GSPs to satisfy the requirements of SGMA.

Dairy

There continued to be limited market activity, with only a few viable/modern dairy facilities selling in 2021, which supported mostly stable values when compared to previous years. These facilities were in Kings and Tulare Counties. In Kern County, dairy facilities over the last few years have been primarily purchased for redevelopment to permanent plantings. Rental rates mostly fall between \$10 and \$17 per lactating cow, depending on the quality of the facility. Overall, the dairy industry has and continues to contract with little change in the foreseeable future.



The image shows a brochure for Alliance Ag. The top half features a photograph of an olive branch with green olives against a blurred background of trees. The company logo, 'ALLIANCE AG', is prominently displayed in large, bold, black letters, with three colored circles (blue, light blue, and white) above it. Below the logo, the text 'BROKERAGE - APPRAISAL - CONSULTING' is written in a smaller, black, sans-serif font. Underneath that, the tagline 'Local Knowledge • Global Reach' is written in a black, cursive script. At the bottom of the image, the phrase 'Serving California since 1955' is written in a white, cursive script. The bottom section of the brochure is a dark green background with white text. It is divided into three columns. The left column contains contact information for Fresno & Madera Counties, Kern, Tulare & Kings Counties, Sacramento Valley, San Joaquin & Stanislaus Counties, and San Luis Obispo, Monterey, Santa Barbara, & Ventura Counties. The middle column is titled 'Main Office' and lists the address and phone number for Alliance Ag Services, Inc. in Bakersfield, CA. The right column is titled 'NEW! Satellite Office' and lists the address and phone number for the office in Carpinteria, CA.

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Table Grapes	\$20,000 - \$38,500	Weak	Limited	Decreasing	\$500 - \$1,000
Rangeland - East	\$1,000 - \$1,200	Average	Limited	Stable	\$16 - \$25
Rangeland - West	\$500 - \$900	Average	Limited	Stable	\$7 - \$10

Kern County

Cropland - Northeast & Central	\$18,000 - \$27,000	Average	Limited	Stable	\$300 - \$500
Cropland - Southeast	\$16,000 - \$20,000	Average	Limited	Stable	\$250 - \$450
Cropland - State Water	\$5,500 - \$20,000	Average	Limited	Stable	\$200 - \$300
Citrus	\$21,000 - \$28,000	Average	Limited	Stable - Sl. Increasing	No Rents

Tulare County

Cropland	\$10,000 - \$29,000	Average	Limited	Stable	\$200 - \$500
Walnuts	\$24,000 - \$30,000	Average	Limited	Stable	10% - 20%
Citrus	\$23,000 - \$41,500	Average	Limited	Stable	10% - 20%
Tree Fruit	\$28,000 - \$35,000	Average	Limited	Stable	\$400 - \$800
Olives	\$22,000 - \$28,000	Average	Limited	Stable	None

Kings County

Cropland - North	\$20,000 - \$24,000	Average	Limited	Stable	\$250 - \$400
Cropland - Central	\$18,000 - \$24,000	Average	Limited	Stable	\$250 - \$500
Cropland - South	\$12,000 - \$15,000	Average	Limited	Stable	\$175 - \$250
Cropland - West	\$5,000 - \$8,000	Average	Limited	Stable - Increasing	\$175 - \$250

Kings, Tulare & Kern Counties

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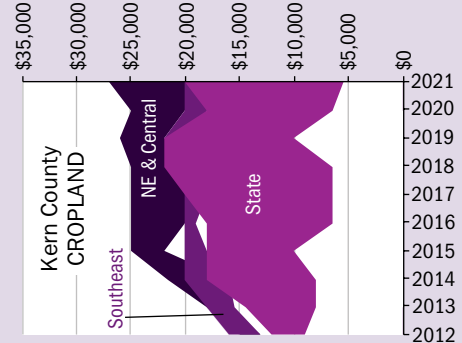
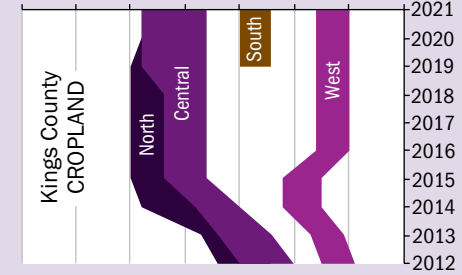
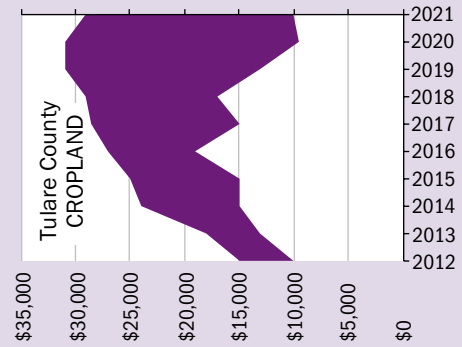
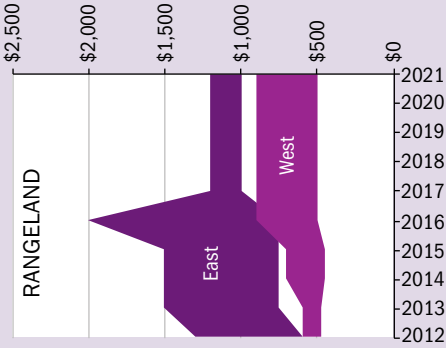
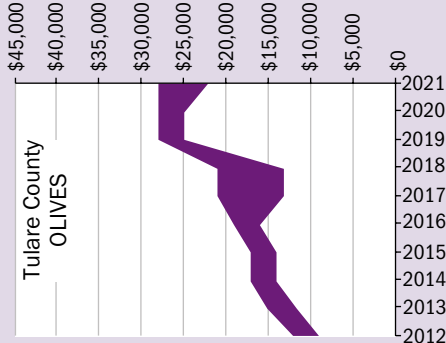
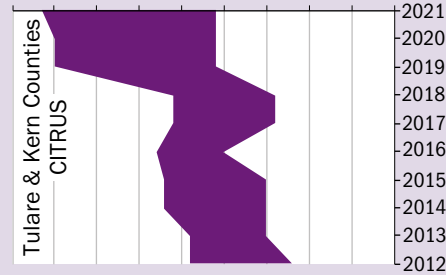
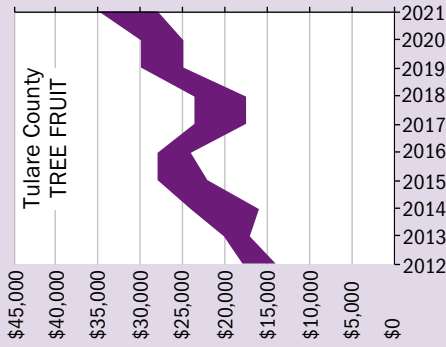
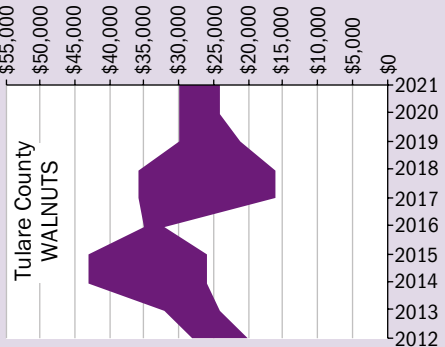
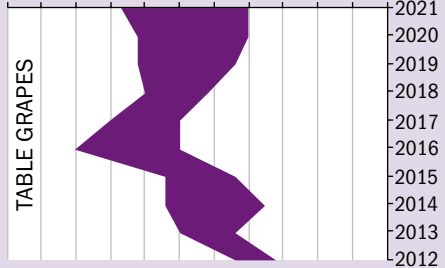
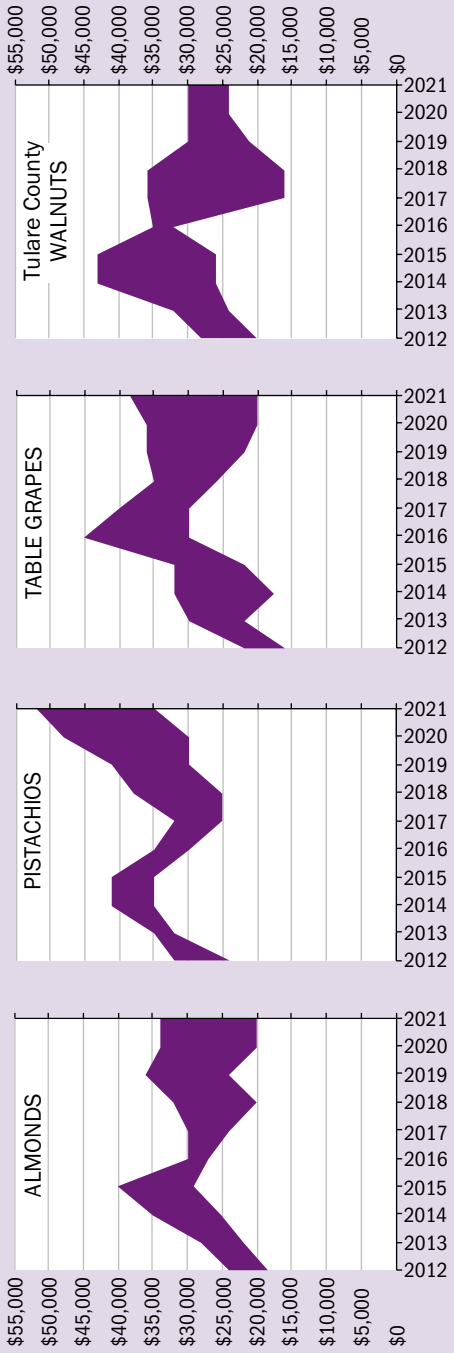
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HISTORICAL VALUE RANGE per acre

LAND USE	ALMONDS	PISTACHIDS	TABLE GRAPES	RANGELAND (EAST)	RANGELAND (WEST)
2021	\$20,000 - \$34,000	\$35,000 - \$52,000	\$20,000 - \$38,500	\$1,000 - \$1,200	\$500 - \$900
2020	\$20,000 - \$34,000	\$30,000 - \$48,000	\$20,000 - \$36,000	\$1,000 - \$1,200	\$500 - \$900
2019	\$24,000 - \$36,000	\$30,000 - \$41,000	\$22,000 - \$36,000	\$1,000 - \$1,200	\$500 - \$900
2018	\$20,000 - \$32,000	\$25,000 - \$38,000	\$26,000 - \$35,000	\$1,000 - \$1,200	\$500 - \$900
2017	\$24,000 - \$30,000	\$25,000 - \$32,000	\$30,000 - \$40,000	\$1,000 - \$1,200	\$500 - \$900
LAND USE	CROPLAND NE & CENTRAL	CROPLAND SOUTHEAST	CROPLAND STATEWATER	CITRUS	
<u>Kern County</u>					
2021	\$18,000 - \$27,000	\$16,000 - \$20,000	\$5,500 - \$20,000	\$21,000 - \$28,000	
2020	\$20,000 - \$25,000	\$18,000 - \$20,000	\$6,500 - \$18,000	\$22,000 - \$26,000	
2019	\$22,000 - \$26,000	\$19,000 - \$22,000	\$10,000 - \$22,000	\$22,000 - \$26,000	
2018	\$18,000 - \$25,000	\$18,000 - \$20,000	\$6,500 - \$22,000	\$22,000 - \$26,000	
2017	\$18,000 - \$25,000	\$18,000 - \$20,000	\$6,500 - \$22,000	\$22,000 - \$26,000	
LAND USE	CROPLAND	WALNUTS	CITRUS	TREE FRUIT	OLIVES
<u>Tulare County</u>					
2021	\$10,000 - \$29,000	\$24,000 - \$30,000	\$23,000 - \$41,500	\$28,000 - \$35,000	\$22,000 - \$28,000
2020	\$9,500 - \$31,000	\$24,000 - \$30,000	\$21,000 - \$40,000	\$25,000 - \$30,000	\$25,000 - \$28,000
2019	\$13,000 - \$31,000	\$21,000 - \$30,000	\$21,000 - \$40,000	\$25,000 - \$30,000	\$25,000 - \$28,000
2018	\$17,000 - \$29,000	\$16,000 - \$35,800	\$14,000 - \$25,500	\$17,500 - \$23,500	\$13,000 - \$21,000
2017	\$15,000 - \$28,500	\$16,000 - \$35,800	\$14,000 - \$25,500	\$17,500 - \$23,500	\$13,000 - \$21,000
LAND USE	CROPLAND (NORTH)	CROPLAND (CENTRAL)	CROPLAND (WEST)	DAIRIES, NEWER*	
<u>Kings County</u>					
2021	\$20,000 - \$24,000	\$18,000 - \$24,000	\$5,000 - \$8,000	\$1,000 - \$2,000	
2020	\$20,000 - \$24,000	\$18,000 - \$24,000	\$5,000 - \$8,000	\$925 - \$2,100	
2019	\$20,000 - \$25,000	\$18,000 - \$24,000	\$5,000 - \$8,000	N/A - N/A	
2018	\$20,000 - \$25,000	\$18,000 - \$22,000	\$5,000 - \$8,000	\$1,350 - \$1,750	
2017	\$20,000 - \$25,000	\$18,000 - \$22,000	\$5,000 - \$8,000	\$1,350 - \$1,750	

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




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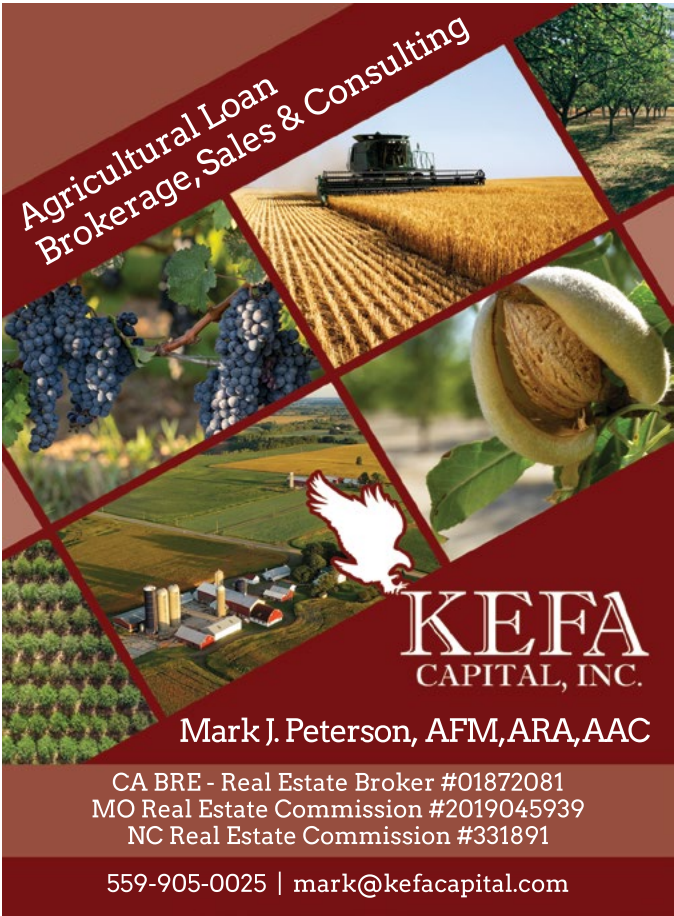
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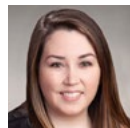
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¹ As of September 30, 2021. Assets under management (AUM) are in U.S. dollars. AUM of Manulife Investment Management Timberland and Agriculture Inc, managed on a discretionary and nondiscretionary basis for the general account, its affiliates, and third-party clients.

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CENTRAL COAST



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CENTRAL COAST

Santa Clara County Row Crops

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

Currently, row crop values are typically in the \$25,000 to \$60,000 range, with buyers tending to be non-local investors. The most recent sales activity indicates a range of approximately \$42,000 to \$60,000 per acre for properties in the 20 to 45 acre range. 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, and higher operating costs. Rents in the area are largely stable, with the owner paying the property taxes and insurance and the tenant paying the utility costs. There appears to be a recognized rental premium for organic ground in this market area.

San Benito County Row Crops

San Benito County row crop demand ranges from limited to strong, with a very limited supply of prime farming properties available. Good quality farmland is in the \$30,000 to \$50,000 per acre range, while values in secondary farming areas are generally in the \$18,000 to \$30,000 per acre range. There are a couple of fringe properties located north of Hollister that have been listed for several months with asking prices between \$20,000 and \$22,000 per acre. While prime farmland

is seeing increasing values, there seems to be some softening in less desirable/more challenging farmland properties. Most buyers in the San Benito County market are owner/operators. These buyers typically intend to hold on to the property for an extended period, therefore limiting the availability of future inventory. There are few investors purchasing farms in the county primarily due to rents being insufficient to produce adequate returns.

Agricultural water is derived primarily from wells, with supplemental water available in areas of the county serviced by the San Felipe Division of the Central Valley Project. In light of recent drought conditions, unpredictable district allocations have adversely impacted farming operations in areas with poor groundwater quality. The San Benito County Water District delivers recycled water from the city's reclamation facility to a relatively small area of agricultural land in Hollister.

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

Monterey & Santa Cruz Counties Row Crops

Row crop land values in Monterey County continued a steadily increasing trend in 2021. Sale activity was typical, with a handful of transactions occurring, most of which were in the southern part of the county. Sales indicate values ranging from \$30,000 to \$75,000 per acre. The general trend over the past few years is that increasing values in

the southern part of Monterey County are reducing the value gap between the primary farming areas closer to Salinas. There was a nearly equal mix between sale properties formally listed for sale on the open market and transactions negotiated directly between the parties involved. The properties listed for sale generally indicate strong demand, with multiple interested parties and sales prices at or near the asking prices.

Such increasing values, and corresponding decreasing capitalization rates, have somewhat priced investors out of the market in the interim, until rents catch up. Buyers are primarily local growers looking to secure land with a long-term approach and less emphasis placed on the income earning capability of a property.

Santa Cruz County row crop land values were stable to increasing for 2021. Sale activity was moderate, with most transactions involving smaller ranches in



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SAN LORENZO VINEYARD

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List Price: \$5,250,000

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AG LAND EXPERTS

the 10 to 30 acre size range. Market demand was strong, with multiple interested parties in most transactions. Values currently range from \$45,000 to \$73,500 per acre. Buyers are predominantly local farmers, most of whom have additional land holdings in the area.

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

San Benito, Monterey & Santa Clara Counties Rangeland


Overall demand for Central California pasture ranches is stable and market activity from both individual and institutional buyers is on a normal pace. Most ranches continue to be purchased for rural residential, recreation, and agricultural use with prices typically ranging from \$650 to \$2,000+ per acre for large holdings. Prices paid by land trusts, open space districts, and for development mitigation are at a premium well above prices for economic agriculture or private recreational use. These premium properties are typically purchased for specific reasons including

habitat conservation, public use, development mitigation, etc. and sell for prices from about \$5,000 to more than \$10,000 per acre.

Other Influences & Concerns Cannabis


With the passage of Measure O in Ventura County, which is a competitive market with Monterey, Santa Cruz, and Santa Barbara Counties, activity around the greenhouse market in that area heated up and several properties are in escrow as the buyers get approvals and properties are brought to code. One such sale was the largest greenhouse facility in the state that will be used for cannabis cultivation. There was a sale of a cooler to Lowell Farms outside of Salinas that will reportedly be used for third-party processing, a trend that is anticipated to increase, but greenhouse owners that are capable of adding more processing to their properties will do so, as seen in Carpinteria. San Benito

County recently updated their cannabis policy to allow for outdoor grows, but the market and climate is largely untested. All forms of cultivation are continuing to experience downward pressure as supply increases, with the indoor and outdoor having low margins on the legal market; outdoor is having compliance and labor issues while indoor has high production costs unless they are at a sufficient scale. Mixed-light (greenhouse) product is anticipated to weather the storm while the other forms may have continued fallout. The market still anticipates federal legalization or lawsuits using the Dormant Commerce Clause to open sales across state borders to happen in the relative short-term, but until then the commoditization of the product within California will see fallout from growers and the potential for the "big players" to start picking up operations to get to scale quickly, moving toward corporate consolidation as is the trend in California.




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Farm Labor Housing

Monterey County continues to experience demand and new projects or phased expansion of existing projects at the north and south ends of the county are in the works as the market slowly chips away at the growing demand for H-2A beds. Looking forward, large contractors report increasing demand for more H-2A in 2022. AB 857 (similar to the vetoed SB 1102), which requires paid travel for H-2A and could reportedly add up to 40% more to labor costs, continues to be fought, but the market anticipates some form of paid travel to pass in the future. Santa Cruz has had limited addition of new units; there was a recently approved low-income project in the Watsonville area that had 36 units restricted to farm labor housing (not H-2A). North Santa Barbara County noted concerns with bringing urban services to ag zones, which require state oversight. The ADU laws have yet to increase the supply of housing for farm labor in

a meaningful way. The wage freeze in place for guest workers will be lifted due to an injunction and it is anticipated that California, which has over 30,000 H-2A positions (over 10% of the nation's H-2A positions), will see increases in the minimum wage.

Santa Maria Valley Irrigated Vegetable/ Strawberry Land

Current land prices in the heart of the Santa Maria Valley are ranging between \$35,000 and \$64,000+/- per acre. Farmland in the Santa Maria Valley is stable with limited activity. Within the heart of the vegetable and strawberry growing area of the Santa Maria Valley there were no sales in 2021 and only one sale in 2020 and one in 2019. The 2020 sale was allocated at \$63,691 per acre and the 2019 sale was a mixed-use property that included irrigated vegetable/strawberry

land allocated at \$60,000 per acre. Rents in the Santa Maria Valley have remained the same from last year, with the current vegetable crop rents ranging from \$1,300 to \$1,900 per acre. Strawberry rents have remained strong with a range of \$2,000 to \$3,000+ per acre. The Lompoc Valley, Buellton, and Los Alamos areas had sales ranging from \$25,000 to \$40,000 per acre for irrigated cropland. The Arroyo Grande and Oceano Plain areas had sales ranging from \$30,000 to \$50,000 per acre. Rents in these areas typically "top-out" at \$2,000 per acre.

Central Coast Wine Grapes

The grape market going into 2021 was in a much better place compared to the last few years due to the reduction in bulk wine inventory, removal of older vineyards, light 2020 crop, and demand for large wine programs that



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the Central Coast grapes support. It is important to understand that even with the improved grape demand, there has been a correction in the grape market and new contracts reflect prices that are 10 to 30% off their peak. The 2021 crop size was reported to be mostly average throughout the Central Coast. Some high-level trends for Central Coast vineyard/plantable land sales in 2021 include wineries divesting vineyard assets, growers retiring/exiting the market, and investment funds being the most active buyer for large commercial vineyards. Unlike 2020, most of the commercial vineyard sales in 2021 included grape contracts, which helped stabilize values. The rural estate market continues to be a bright spot in the market, with demand for established homesites with hobby vineyards (less than five acres) seeing compressed marketing times. Lastly, the Sub-AVA's within West Paso Robles are becoming highly regarded, with bottle pricing, along with plantable land and vineyard

values leading the Central Coast market. Overall, vineyard and plantable land sales throughout the Central Coast in 2021 indicated a stable value trend for average vineyard sites, while premium vineyard sites supported an increasing value trend.

Monterey County: Pinot Noir and Chardonnay continue to be the leading varieties, both for mature plantings and new plantings. The trend of removing older vineyards continued once again in 2021, with the land being converted to irrigated field crops or redeveloped back into vineyards. The Santa Lucia Highlands AVA is the most recognized growing area in the county, which is captured by above average grape and bottle pricing. Commercial vineyard properties generally range from \$35,000 to \$75,000 per net vine acre, with the higher values mostly tied to locations within the Santa Lucia Highlands AVA and the lower values mostly tied to more southern locations

that have lower underlying land values. In recent years there have been some vineyard sales located in outlying areas, with older vineyard improvements that support values near \$25,000 per acre. In 2021 there were no vineyard sales in the Santa Lucia Highlands AVA, but there were a handful of commercial vineyard sales throughout the rest of the county, which indicated stable values near the middle of the indicated range. The vineyard sales mostly represent average vineyards near mid-life, with county average grape pricing, and target production at or above five tons/acre.

San Luis Obispo County: This market is broken down into three distinct growing areas, which impacts the underlying land and vineyard values, along with grape/bottle prices. Unlike Monterey County, land suitable for vineyards in San Luis Obispo County has limited competition from vegetable and berry growers. Vineyard values mostly range between \$25,000 (for “declining”


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vineyards) and \$75,000 per net vine acre, while plantable land values range between \$20,000 and \$60,000 per acre. West Paso Robles in recent years, including 2021, has supported values above the typical range for San Luis Obispo County (see next section). The middle to upper end of the range is mostly captured by premium growing areas (above average grape pricing), such as West Paso and the Edna Valley/Arroyo Grande Valley. The middle to lower end of the range is mostly captured by the East Paso, Shandon, San Miguel, and Creston areas.

- **West Paso / Templeton:** Starting at the north end of the County, vineyards located west of Paso Robles/Templeton and Highway 101 set the upper end of the range, with vineyards currently selling for approximately \$55,000 (older/interim) to more than \$75,000 per net vine acre. In 2021 plantable land values stepped up, with a few sales between \$50,000 and \$55,000 per acre, and two commercial

size plantable land sites selling at and slightly above \$70,000 per acre. Buyers setting these new highs for plantable land are local wineries looking to secure premium vineyard sites that will support their growing wine programs, with bottle pricing at or above \$40/bottle.

It is important to note that land and vineyard values in this area are influenced by above average bottle and grape pricing, smaller parcel sizes, and rural estate and/or winery site appeal. Many of the sales in this area are purchased by lifestyle buyers looking to purchase a home or winery site with a vineyard. With the smaller parcel sizes and significant rural estate and winery site appeal, it is common practice to allocate a site component in addition to the vineyard and plantable land value. It is important to hire a local agriculture appraiser to better understand the nuances and complexities impacting “westside” vineyard properties.

- **East Paso / Creston / Shandon / San Miguel:** Staying at the north end of the county and moving east of Highway 101, parcels tend to get larger and rural estate and winery site appeal has less influence on the land and vineyard values. These large vineyard properties are mostly owned and purchased by growers, wineries, and institutional investors. Grape pricing for this area tends to be closer to County averages and the profitability of the vineyard has a significant impact on value. Most of the plantable land in this area is within the Paso Robles Ground Water Basin which restricts new plantings and additional water usage without an off-set as outlined by the County. These restrictions have been extended to 2024 and have resulted in stable demand and values for vested, plantable land, with values mostly falling near \$20,000 per acre. Plantable land sales that require an off-set are a small component of the overall market and, because of this, are not presented in the table. Plantable

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land sales with off-set requirements often support values that are at least half that of plantable land sales with no offset requirements. In the past couple of years the trend continued of older vineyards being purchased with plans for redevelopment. These sales can be generalized as having grape pricing at or below county averages, with historical production at or below four tons per acre, and in some cases with only break-even production (grape sales offset by farming costs). These less profitable/interim vineyards support values near plantable land. There was one commercial vineyard sale that closed at the beginning of 2021, which included an older/interim vineyard (value near plantable land). The next category of vineyard sales for this area includes mid-life or slightly older vineyards with average production levels and grape prices indicating values mostly between \$30,000 and \$40,000 per net vine acre. Vineyard values beyond \$40,000 per net vine acre are mostly young to mid-life, with production levels at or above five tons per acre, and grape pricing near or above county average. In 2021 there were no commercial vineyard sales that fell in these last two categories. The most active part of the market in this area featured improved rural estate sites that included some vineyard. Vineyard allocations for these rural estate sales mostly fell between \$25,000 and \$40,000 per acre.

• **Edna Valley:** This area is the most established southern vineyard market in San Luis Obispo County and has some similarities to West Paso Robles / Templeton, in that values are influenced by above average grape and bottle pricing (Pinot Noir & Chardonnay), smaller parcel sizes, and rural estate and/or winery site appeal. Similar to the analysis of West Paso / Templeton, site/entitlement values are commonly set aside for premier rural estate and winery locations. Market activity has historically been limited in this small valley and 2021 was no exception. Values historically have been at the middle to upper end of the range for San Luis Obispo County and more in line with the cool climate growing areas in Santa Barbara County and Monterey County. In 2021 there were no commercial size plantable land or vineyard sales. Plantable land and interim vineyard values in Edna Valley typically range between \$35,000 and \$55,000 per acre, while modern/viable vineyards mostly fall between \$50,000 and \$70,000 per acre.

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

• **Santa Maria Valley AVA:** This is the most northerly growing area in Santa Barbara County and also has the greatest competition from vegetable and berry growers, which limits vineyard plantings to the southeasterly area of the Valley. Aside from competition with vegetable and berry growers, Pinot Noir and Chardonnay are drivers in this market, with vineyard holdings mostly owned and purchased by wineries and institutional investors, and to a lesser degree growers. Holdings in this area tend to be of commercial size, with little to no rural estate or winery site influence aside from Clark Avenue and Foxen Canyon Road. In 2018 the Santa Maria Valley had two large commercial vineyard sales, which were both purchased by the same winery in



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the same month, but from two different sellers. These sales both had vineyard values near \$60,000 per net vine acre. One of the sales had a much larger proportion of irrigated field cropland (IFC) than planted vineyard land, with the IFC approaching the vineyard value. There were no commercial vineyard sales or land purchased for vineyard development in the Santa Maria Valley AVA in 2019 or 2020. In 2021 there was one commercial vineyard sale, which supported stable values compared to recent years.

• **Central Coast AVA:** Moving south along Highway 101 is the Los Alamos growing area, which borders Highway 101 on both sides and extends west along Highway 135, then south along Highway 1, and ends moving west along Highway 246 (Santa Rita Hills AVA & Santa Ynez Valley AVA). A good portion of the vineyard acreage is held by large wineries and there is limited sale activity. Some of the most recent sales (dating to 2017) were purchased by institutional investors, with values historically ranging from \$45,000 to \$60,000 per net vine acre. Vineyard and vegetable growers compete for land in the Los Alamos Valley along Highway 135, with land values historically ranging between \$30,000 and \$40,000 per acre. In 2021 there were no commercial vineyard or plantable land sales within this area of northern Santa Barbara County.

• **Santa Rita Hills AVA:** Between Buellton and Lompoc is a highly recognized cool climate Pinot Noir and Chardonnay growing area, known as the Santa Rita Hills AVA. Vineyards are mostly located along Highway 246 and Santa Rosa Road. In 2021 there was one commercial size vineyard sale supporting a value near \$75,000 per net vine acre. The sale benefited from its above average reputation and grape pricing (primary Pinot Noir), while also being limited by its past mid-life vine age.

• **Santa Ynez Valley AVA:** Sale activity has historically been very limited in the Santa Ynez Valley, with plantable land and vineyard values remaining stable, with signs of improvement. This area has similar influences as West Paso and Enda Valley, with land and vineyard values impacted by above average grape and bottle pricing, smaller parcel sizes, and rural estate and/or winery site appeal. The most active part of this market comes from lifestyle buyer demand, with the driver for the sales being the estate residence and/or equestrian improvements, with secondary consideration given to the vineyard / plantable land. Historically vineyard allocations for this area range between \$50,000 and \$70,000 per acre. Plantable land values mostly range between \$40,000 and \$50,000 per acre. There were no commercial vineyard sales in 2021, but there were

two “vineyard” sales. One of them was attached to a winery, while the second vineyard was attached to a residence. The vineyard allocation for these sales fell between the historical range. At the end of 2021 there were reports of a pending sale featuring a large, young commercial vineyard which closed in January of 2022.

San Luis Obispo & Santa Barbara Counties Dry Pasture Rangeland

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

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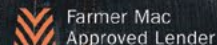


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set the upper limit of the price range. The large ranches purchased for cattle grazing are selling for between \$500 and \$2,000 per acre.

Parcels along the Pacific Ocean and Coastal Mountain Range with rural residential appeal have continued to remain stable to strong during the past several years. This area is very attractive for large, rural home sites, with these properties typically being less than 1,500 acres. Sales range from \$2,500 per acre for large dry pasture ranches with limited usability and/or without ocean views, to more than \$15,000 per acre for smaller, desirable parcels with coastal influence, ocean views, and/or some cultivatable land.

There have been several recent sales of small to medium size ranch (480-1,700 acres) properties along the coastal Santa Lucia Mountains in the past couple of years. These sale properties ranged in

price from \$5,000 to \$14,000 per acre. The primary differences in pricing were due to location, ocean views, and buyer/seller motivation.

Ventura County Irrigated Vegetable/ Strawberry Land

The prime area of Ventura County for irrigated crops is the Oxnard Plain. 2021 sales in the Oxnard Plain for vegetable/berry ground ranged from \$60,000 to \$91,000 per acre. Rents in the Oxnard Plain range from \$2,500 to \$4,500 per acre. The other irrigated crop areas in the county are located inland (to the east of the Oxnard Plain). They command lower prices and lower rents, experiencing more extreme temperatures, which can negatively affect crop-growing conditions. Prices in these eastern areas range between \$42,000 and \$64,000 per acre, with

rents at \$1,700 to \$2,900 per acre. The current market for farmland in both the Oxnard Plain and inland areas is stable to increasing, and with little inventory of land offered for sale.

Ventura County & Southern Santa Barbara Counties Lemons & Avocados

Ventura County and Southern Santa Barbara County lemon and avocado values for commercial-size orchards have been stable over the past several years, based on limited sales. Prices for commercial-size orchards in the Goleta, Santa Barbara, and Ventura areas range from \$35,000 to \$65,000 per acre. Smaller-sized orchards (40 acres and less) sell for higher prices, between \$65,000 and \$90,000 or more per acre. The upper-end values on some of the smaller size orchards are reflective of the underlying homesite values (such as ocean views) found in these parcels versus the commodity. The lower sale prices represent properties located in areas with more extreme temperatures, such as to the east or more inland, which can negatively affect growing conditions, and/or orchards needing to be redeveloped. There have been few sales of very large avocado/lemon plantings, with the most recent sale being in the Somis area of Ventura County. The avocado and lemon plantings from this sale are estimated to have contributed approximately \$58,000 per acre to the purchase.

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VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
Santa Clara County					
Row Crops - Gilroy	\$25,000 - \$60,000	Strong	Moderate	Increasing	\$400 - \$1,200
Rangeland	\$2,000 - \$10,000	Moderate-Strong	Limited	Increasing	\$15 - \$30
Monterey County					
Row Crops	\$30,000 - \$75,000	Strong	Moderate	Increasing	\$1,000 - \$3,800
Plantable (Wine Grapes)	\$20,000 - \$50,000	Moderate	Moderate	Stable	N/A
Wine Grapes	\$25,000 - \$75,000	Moderate	Moderate	Stable	N/A
Rangeland	\$700 - \$2,000	Limited	Very Limited	Stable	\$6 - \$30
Santa Cruz County					
Row Crops	\$45,000 - \$73,500	Strong	Moderate	Stable-Increasing	\$1,700 - \$3,000
San Benito County					
Row Crops	\$18,000 - \$50,000	Limited-Strong	Limited	Decreasing-Increasing	\$500 - \$1,800
Rangeland	\$650 - \$3,000	Moderate	Limited	Stable-Increasing	\$8 - \$30
San Luis Obispo & Santa Barbara Counties					
Row Crops	\$35,000 - \$64,000	Moderate	Very Limited	Stable	\$1,300 - \$3,000+
Plantable (Wine Grapes)	\$20,000 - \$70,000	Moderate	Moderate	Increasing	N/A
Wine Grapes	\$25,000 - \$75,000	Moderate	Moderate-Strong	Stable	N/A
Coastal Rangeland (San Luis Co)	\$2,500 - \$15,000	Moderate-Strong	Limited	Stable	\$10 - \$25
Inland Rangeland (San Luis Co)	\$300 - \$7,500	Moderate	Limited	Stable	\$5 - \$20
Rangeland (Santa Barbara Co)	\$2,500 - \$15,000	Moderate	Limited	Stable	\$7 - \$20
Ventura County					
Row Crops/Strawberries	\$42,000 - \$91,000	Limited-Moderate	Limited	Stable-Increasing	\$1,700 - \$4,500
Lemons	\$49,000 - \$90,000	Moderate	Limited	Stable	N/A
Avocados	\$35,000 - \$65,000	Moderate	Limited	Stable	N/A

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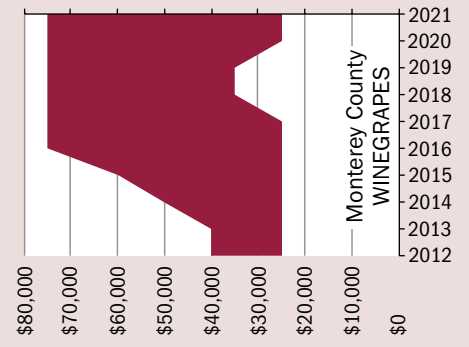
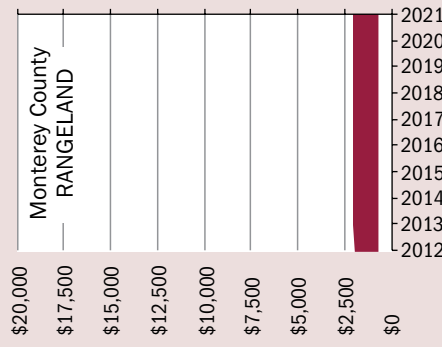
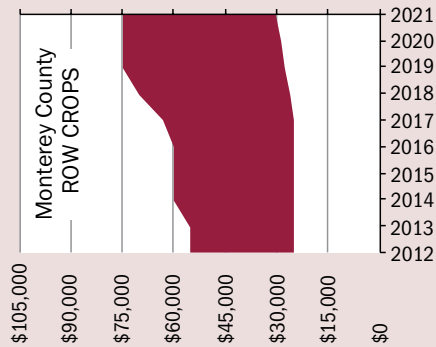
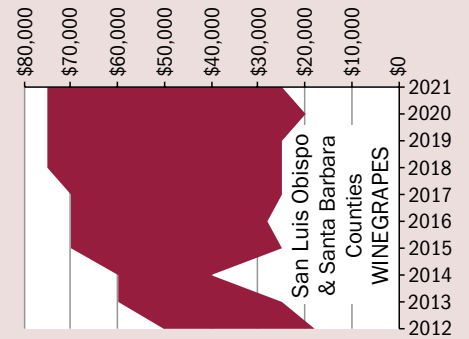
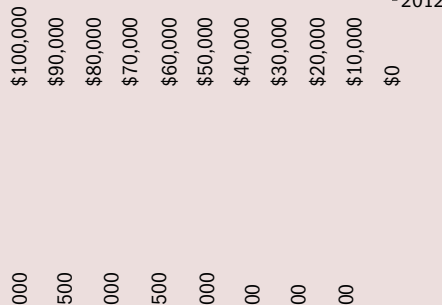
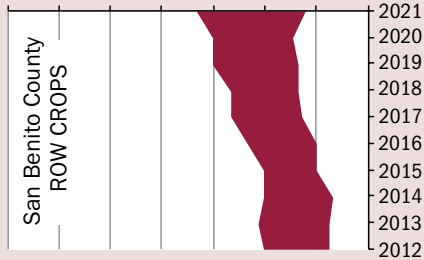
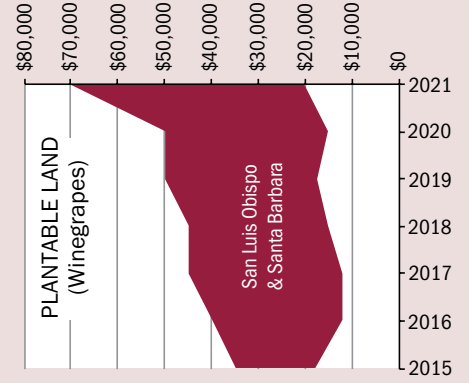
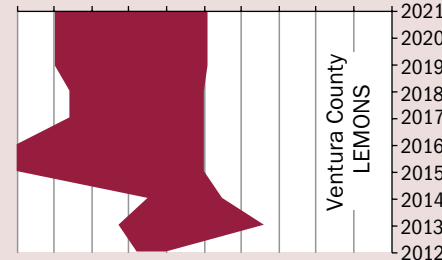
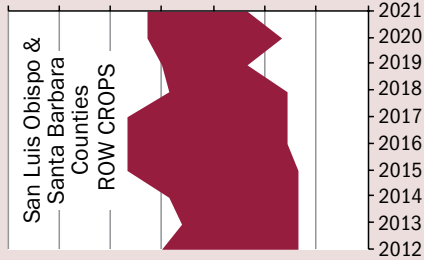
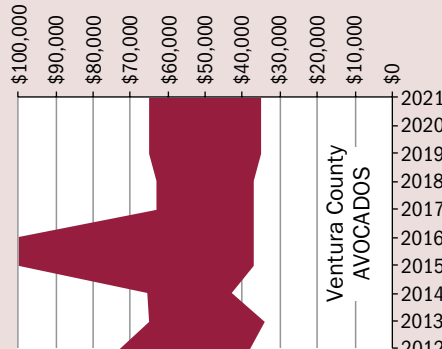
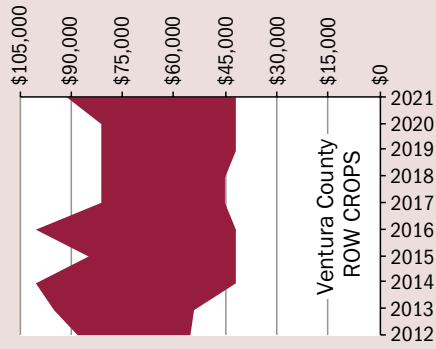




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HISTORICAL VALUE RANGE per acre

LAND USE	ROW CROPS	RANGELAND	WINE GRAPES	PLANTABLE (WINE GRAPES)
Monterey County				
2021	\$30,000 - \$75,000	\$700 - \$2,000	\$25,000 - \$75,000	\$20,000 - \$50,000
2020	\$28,500 - \$75,000	\$700 - \$2,000	\$25,000 - \$75,000	\$20,000 - \$50,000
2019	\$27,500 - \$75,000	\$700 - \$2,000	\$35,000 - \$75,000	
2018	\$26,000 - \$70,000	\$700 - \$2,000	\$35,000 - \$75,000	
2017	\$25,000 - \$63,000	\$700 - \$2,000	\$25,000 - \$75,000	
LAND USE				
ROW CROPS				
RANGELAND				
Santa Cruz County				
2021	\$45,000 - \$73,500	\$18,000 - \$50,000	\$650 - \$3,000	
2020	\$40,000 - \$72,000	\$22,000 - \$45,000	\$550 - \$3,000	
2019	\$40,000 - \$72,000	\$20,000 - \$45,000	\$600 - \$3,000	
2018	\$40,000 - \$72,000	\$20,000 - \$40,000	\$600 - \$2,500	
2017	\$30,000 - \$72,000	\$19,000 - \$40,000	\$600 - \$2,500	
LAND USE				
ROW CROPS				
COASTAL RANGELAND (San Luis Obispo County)				
INLAND RANGELAND (San Luis Obispo County)				
RANGELAND (Santa Barbara County)				
PLANTABLE (WINE GRAPES)				
San Luis Obispo & Santa Barbara Counties				
2021	\$35,000 - \$64,000	\$2,500 - \$15,000	\$300 - \$7,500	\$25,000 - \$75,000
2020	\$25,000 - \$64,000	\$2,500 - \$15,000	\$500 - \$7,500	\$20,000 - \$75,000
2019	\$35,000 - \$60,000	\$2,000 - \$15,000	\$300 - \$7,000	\$25,000 - \$75,000
2018	\$23,500 - \$58,000	\$2,500 - \$15,000	\$300 - \$7,000	\$25,000 - \$75,000
2017	\$23,500 - \$70,000	\$2,500 - \$15,000	\$500 - \$2,500	\$25,000 - \$70,000
LAND USE				
ROW CROPS (Giray)				
RANGELAND				
ROW CROPS				
LEMONS				
AVOCADOS				
Santa Clara County				
2021	\$25,000 - \$60,000	\$2,000 - \$10,000	\$42,000 - \$91,000	\$35,000 - \$65,000
2020	\$25,000 - \$60,000	\$1,500 - \$7,500	\$42,000 - \$81,000	\$35,000 - \$65,000
2019	\$20,000 - \$53,000	\$2,000 - \$6,000	\$42,000 - \$81,000	\$35,000 - \$65,000
2018	\$20,000 - \$40,000	\$1,500 - \$3,000	\$45,000 - \$81,000	\$37,000 - \$63,000
2017	\$20,000 - \$40,000	\$1,500 - \$3,000	\$45,000 - \$81,000	\$37,000 - \$63,000



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SOUTHERN CALIFORNIA

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

Coastal Mountains & Inland Valleys

Avocados

Avocado plantings continue to represent the largest planted acreage in San Diego County with 14,421 planted acres in 2020, a slight decrease from 14,946 planted acres in 2019. While imported fruit from competing international markets continues to encroach on the domestic market (primarily California fruit), growers continue to cite the cost and availability of water among the greatest threats to profitability.

Grove values continued their recent trend of stability at \$10,000 to \$25,000 per acre. Younger or mid-life orchards with greater-yielding rootstock (i.e., Dusa) or higher-

density plantings continue to command greater values. Older groves with rural residential potential continue to be sold at a premium; ranging from \$175,000 to \$250,000 for lots 2-to-5 acres in size. The region saw continued interest from first-time farmers from dense urban areas and remote-working employees seeking larger sites for establishing a rural lifestyle. Marketing times compressed significantly due to high buyer interest and the volume of transactions remained strong throughout 2021.

Citrus

Market activity in the citrus sector was lackluster in 2021. Generally, citrus values remained stable over the past year. Commercial citrus acreage remains generally constant, again hovering around 37,000 harvested acres. A decline in production of about 14% was the result of fruit staying on trees longer due to constrained export capabilities from the logistics issues experienced across all commodities and products. Lemons and grapefruit continue to be the primary citrus products in the Southern California desert growing regions.

Asian citrus psyllid (ACP), the insect which carries the Huanglongbing (HLB) or citrus greening disease, continues to course through the Southland in non-commercial trees.

Continued aggressive, proactive steps by numerous agencies and expanded quarantine zones have managed to control the spread of the disease and for now, commercial production areas are largely unaffected.

Dairy

The historically expansive Region 7 dairy market is now concentrated in two main areas: Ontario/Chino in western Riverside and San Bernardino Counties, and San Jacinto in western Riverside County. Milk products continue to be the number one commodity in San Bernardino County, with 2020 sales of \$108± million. Riverside County's milk products remained the number one most valuable commodity at \$148± million, up slightly from the prior year's reported total of \$146± million.

The residential housing shortage and expanded development throughout the region continues to absorb dairies in the Ontario/Chino area and existing operators are moving eastward to San Jacinto or north to California's Central Valley and High Desert dairy regions. The top bidders for existing dairy-related sites in the Ontario/Chino area continue to be residential developers or large-scale industrial developers looking to construct industrial business parks with new units in the 300,000 to 1,000,000 square foot range. New development in the San Jacinto River Basin market area has ticked up slightly after the historic runup in housing prices since the beginning of 2020. Price trends for older dairy properties are stable to increasing in the Ontario/Chino area.

Nursery / Greenhouses

As a result of the region's temperate climate, nursery and related crop categories continue to dominate local agricultural production. In San Diego County specifically, nursery and cut flower products account for over 70% of the county's total agricultural production. Additionally, nursery crops are the top crop in four of the six counties that make up Region 7 (Los Angeles, Orange, Riverside, and San Diego).

After adapting to the ongoing pandemic, the Nursery and Greenhouse industries has seen a strong recovery and continued growth driven by increasing end-user demand. Supply chain challenges continue to impact the industry causing increases in raw material and other supply costs and growers continue to report that labor costs remain a top concern. This has been particularly true in California, with recent increases in the minimum wage, and in Region 7, which is more reliant on cross-border employment. Despite these rising costs and the region's high-water costs, the Nursery and Greenhouse industries have remained strong.

Sales of nursery properties in Region 7 saw limited market activity in 2021. One major regional grower in the succulent space has continued to expand operations with some strategic acquisitions in 2021; however, transactions of greenhouse and nursery properties continue to be relatively scarce. Values of true greenhouse and nursery properties have remained generally stable but demand from residential developers has resulted in some coastal and urban nursery markets seeing increased demand and increasing values for transitional land uses.

For the time being, pricing remains in alignment with general agricultural pricing. Despite challenges, most growers report a positive outlook for the nursery/greenhouse market in 2022.

Wine Grapes Temecula Valley AVA

Region 7 includes the South Coast American Viticultural Area (AVA), which spans vineyard areas of Los Angeles, Orange, Riverside, San Bernardino, and San Diego Counties. The Temecula Valley AVA in southwestern Riverside County is the largest and most well-known sub-region and it was named one of the top 10 Best Wine Travel Destinations of 2019 by Wine Enthusiast magazine. Temecula's relatively short drive-time from Southern California population centers is a significant draw, pulling in a steady traffic of tourists. Wineries in this market tend to be

hospitality-oriented and designed to accommodate high weekend visitor volumes, offering events, weddings, lodging, dining, and a wide variety of tasting experiences. As a result, the Temecula wine region was particularly hard hit by COVID-19. Lockdowns and other restrictions were devastating to many businesses, forcing many wineries to seek PPP loans to weather the storm. Wine production was down throughout the region in 2020 because many producers cut back on production to control costs and move inventory.

Tourism returned to Temecula in 2021 and with it came new customers, many of them from the greater Los Angeles area. For many winery producers demand outpaced hiring, especially in the hospitality (events, lodging) and restaurant space. Wineries since the pandemic have not been looking to expand their vineyard holdings, instead they have been focused on getting through the lockdowns and keeping up with consumer demand once lockdowns were lifted. There were no vineyard sales in 2021 and only one plantable/winery site sale, which supported stable values.

Los Angeles County

Los Angeles County is the most populous county in the nation and agriculture encompasses less than one percent of its land area. The county covers 4,058 square miles and its topography varies from the coastal plains along the Pacific Ocean to the rugged foothills of the Santa Monica – San Gabriel Mountain Range to the arid Mojave Desert. Given the largely urban environment, it is not surprising that the local agricultural industry is fragmented and small, typically producing between \$140 and \$180 million in aggregate crop value annually. Sales of agricultural real estate are sporadic and the value of such properties is very location-specific, often influenced by non-agricultural factors that make value trends difficult to quantify.

Orange County

Historically agriculture was an important part of Orange County's early economy; however, its decline began after World War II when the completion of Interstate 5 transformed the area into a desirable Southern California bedroom community. Today, of Orange County's roughly 800 square miles of land, only around 19,700 acres – less than 3.9% of the land area – are in agricultural production. Over the last few years, the total value of crops produced in Orange County has stabilized around \$90 million after declining from nearly \$115 million in 2017. Like neighboring Los Angeles County, the local agricultural real estate market is small and fragmented with many non-farming influences making it extremely difficult to discern any prevailing value trends.

Desert Region Coachella Valley

Riverside County's Coachella Valley stretches north from the Salton Sea to the San Bernardino Mountains, a distance of about 45 miles. The majority of the valley — over 60,000 acres — is irrigated by the Coachella Valley Water District (CVWD), which has surface water rights to the Colorado River by way of the Coachella Canal branch of the All-American Canal. Coachella farmland that lacks access to CVWD water is irrigated by groundwater from a balanced basin. Overall, the area is viewed favorably for its water resources.

The Coachella Valley has one of California's most unique micro-climates that allows it to produce some of the earliest-harvesting crops in the United States. Aside from filling a market timing niche, the production region is strategically important for growers and marketers seeking the longest possible continuous growing season across their operations. Leading crops include table grapes, citrus, dates, bell peppers, carrots and lettuce, along with numerous other specialty crops.

The sales volume of productive agricultural assets sold in 2021 was similar to recent years, though most recent sales are smaller and mid-sized farms. Several farmed and fallowed tracts with development or transitional influences also sold, often at prices that exceeded farmland values. Nearly all the ag sales are located in the central and western areas of the valley, though there was one transaction of a larger farm in the tightly held Mecca Slope area. The sales that occurred in 2021 included row crops, date gardens, citrus groves, and a small amount of table grapes, and they showed that values were stable across the valley's main commodity classes.

Imperial Valley

The Imperial Valley is a large Colorado River-served desert valley between coastal San Diego County and Arizona that runs directly north from the Mexican Border to the Salton Sea. It was established in the early 1900s when Colorado River water was redirected into the valley and transformed the desert lands into a thriving agricultural region.

The region currently has a farmable area of nearly 472,000 acres, of which approximately 443,000 have been irrigated in recent years. The vast majority of farmland in the valley is dedicated to forage crops, sugar beets, and a wide variety of winter vegetables and melons. Small areas are dedicated to citrus, date, and olive plantings. Cattle is also significant and is the region's top commodity, accounting for about 20 percent of the Valley's gross agricultural production.

Like other Colorado River-served farming regions, the Imperial Valley benefits from low-cost water, with water rates that have remained at \$20 per acre-foot for the past decade. The Imperial Irrigation District (IID) is the largest single contractor of Colorado River water and provides irrigation water to the entire region via a system of nearly 1,670 miles of canals. Increasing

urban demand from nearby population centers and declining river flows have resulted in financial incentive programs that compensate farmers for effective water conservation measures. Payments from this program saw an increase in 2021 to a base rate of \$285 per acre-foot conserved for top-tier water conservation improvements and, while the long-term viability of the program is unknown, the increase seems to have caught the attention of some investors who hope to capture additional income from the program to increase their overall returns.

Market activity was generally stable in 2021, with approximately 40 farmland tracts selling, which accounts for about 1.5 percent of the Valley's total farmable acreage. As is typical, sales activity was driven largely by regional growers; however, investor activity, spurred by part by the region's perceived water security, saw an uptick, with one group acquiring multiple higher value tracts that accounted for nearly 20 percent of the year's transacted acreage. Farmland within the Good Adaptability category accounted for almost half of the acreage sold in 2021 but was less than one-quarter of transactions as several sales included larger tracts in the southern valley. Average Adaptability acreage, which encompasses much of the region's farmland, accounted for over half of the region's sales and just under half of the total transferred acreage. As in previous years, Limited Adaptability farmland continued to see little activity and the vast majority of 2021 acquisitions in this category came from one national land investor. A few larger portfolios continue to be marketed, both publicly and privately, yet most farmland transactions remain in the 100 to 150 acre range. 2021 saw the sale of two citrus ranches, which are typically tightly held and scarcely transact. Lease rates have remained generally stable with only a moderate uptick in prices for the highest quality organic farmland.

VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT
Western Riverside & San Bernardino Counties					
Dairies (Ontario/Chino)	\$150,000 - \$900,000	Moderate	Moderate	Stable-Increasing	\$7 - \$10/MC/MO
Citrus	\$10,000 - \$20,000	Limited	Limited	Stable	30% - 40% Share
Wine Grapes (Temecula)	\$50,000 - \$135,000	Moderate	Very Limited	Stable	N/A
San Diego County					
Citrus	\$10,000 - \$30,000	Limited	Very Limited	Stable	30% - 40% Share
Avocados*	\$10,000 - \$25,000	Moderate	Moderate	Stable	30% - 40% Share
Cropland	\$25,000 - \$65,000	Limited	Limited	Stable	\$350 - \$2,000/AC
*Includes Southwestern Riverside County					
Coachella Valley					
Citrus	\$18,000 - \$35,000	Moderate	Limited	Stable	No Data
Dates	\$30,000 - \$60,000	Moderate	Moderate	Stable	No Data
Table Grapes	\$25,000 - \$45,000	Moderate	Limited	Stable	No Data
Open Land	\$16,000 - \$30,000	Moderate	Moderate	Stable	\$400 - \$1,000
Palo Verde Valley					
Irrigated Field Crops	\$9,000 - \$14,000**	Limited	Very Limited	Decreasing-Stable	\$200 - \$350
***\$/Water Toll Acre					
Imperial Valley					
Good Adaptability (Produce)	\$11,000 - \$14,500	Moderate	Moderate-Strong	Decreasing-Stable	\$350 - \$650
Average Adaptability (Alfalfa)	\$7,000 - \$11,000	Moderate	Moderate	Decreasing-Stable	\$250 - \$400
Limited Adaptability	\$5,000 - \$7,000	Limited	Limited	Decreasing-Stable	\$150 - \$250

Palo Verde Valley

The Palo Verde Valley is located in eastern Riverside and Imperial Counties across the Colorado River from Arizona. This desert valley is characterized by hot summers, mild winters, and an average annual precipitation of less than four inches. The valley covers about 189 square miles of which approximately 131,000 acres is irrigated by the Palo Verde Irrigation District. Alfalfa remains the top crop by a significant margin, with cotton, Bermuda and Sudan grass, onions, broccoli, melons and grains also grown locally. Palo Verde Irrigation District possesses California's first priority and most senior rights to the flows of the

Colorado River. There is an active fallowing program in place which compensates landowners for fallowing land in an effort to conserve water in the Colorado River.

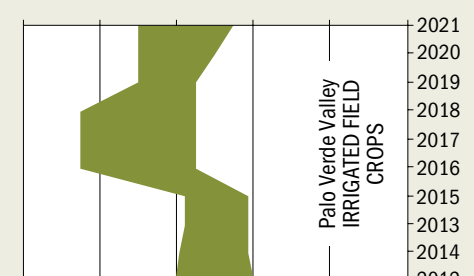
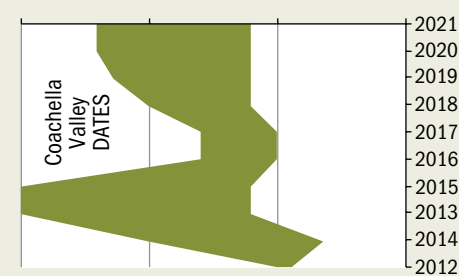
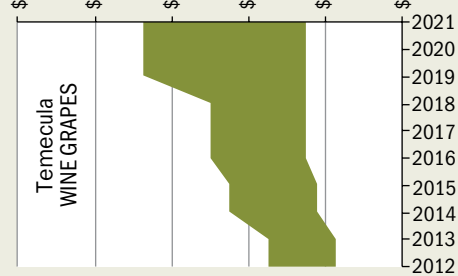
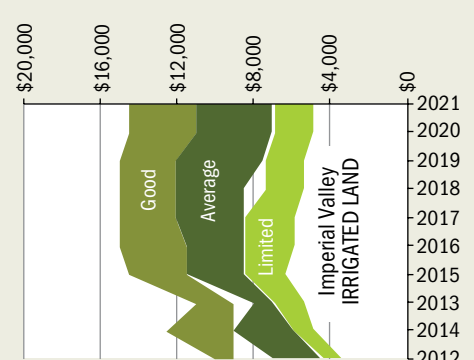
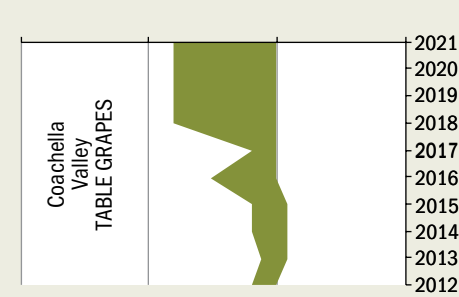
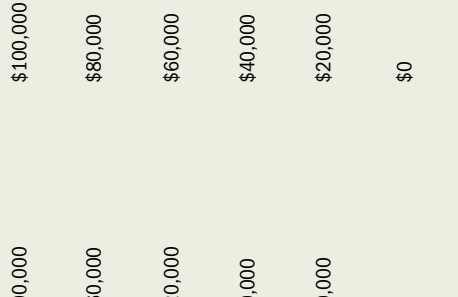
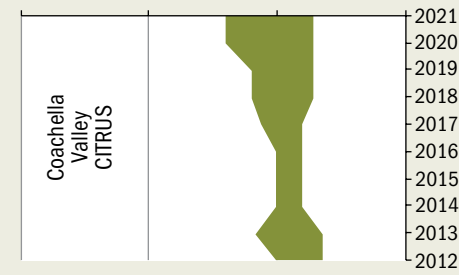
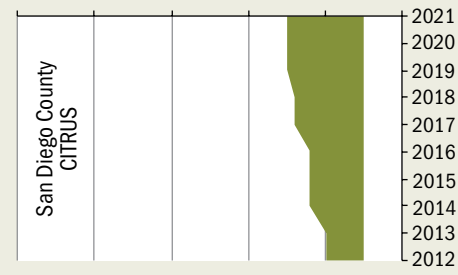
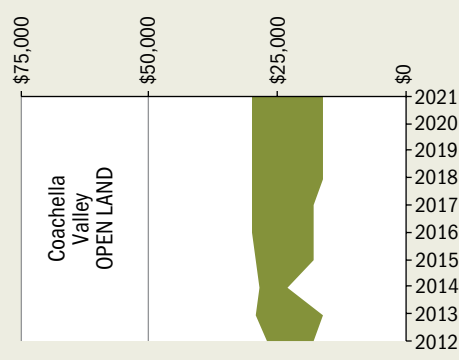
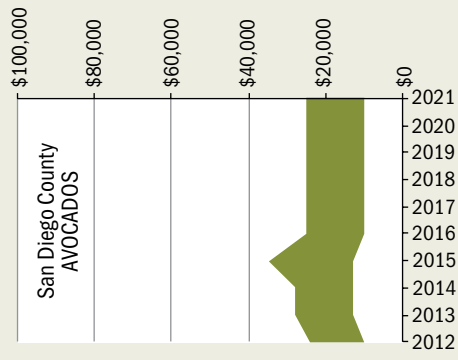
Farmland values are influenced both by current farm economics and the potential value of the water resources, currently monetized by the fallowing program. Investor activity diminished beginning in 2018 after three years of notable investor purchases kickstarted by Metropolitan Water District's 2015 purchase of over 12,000 acres at a record price. Since 2018, transactional volume in the Palo Verde Valley has remained limited. In 2021 there were only four known arm's-length sales of

farmland larger than 40 acres and a handful of smaller farm sales.

While the market activity is very limited, sales observed in 2021 indicate slightly lower values for the lowest quality farmland and stable values for average to higher quality land. At the end of the 4th Quarter of 2021, one large institutional investor-owned holding was being marketed for sale that will be a telling data point if sold. Rental rates have remained generally stable and capitalization rates continue to be extremely low and are not considered to be adequate to attract investment capital beyond owner-farmers or speculative investors.

HISTORICAL VALUE RANGE per acre

LAND USE	CITRUS	DAIRIES	WINE GRAPES
<u>Western Riverside & San Bernardino Counties</u>			
2021	\$10,000 - \$20,000	\$150,000 - \$900,000	\$50,000 - \$135,000
2020	\$10,000 - \$20,000	\$150,000 - \$800,000	\$50,000 - \$135,000
2019	\$10,000 - \$20,000	\$150,000 - \$750,000	\$50,000 - \$135,000
2018	\$10,000 - \$20,000	\$150,000 - \$500,000	\$50,000 - \$100,000
2017	\$10,000 - \$20,000	\$150,000 - \$500,000	\$50,000 - \$100,000
<u>Temecula</u>			
2021	\$10,000 - \$30,000	\$25,000 - \$65,000	\$10,000 - \$25,000
2020	\$10,000 - \$30,000	\$25,000 - \$65,000	\$10,000 - \$25,000
2019	\$10,000 - \$30,000	\$25,000 - \$65,000	\$10,000 - \$25,000
2018	\$10,000 - \$28,000	\$25,000 - \$65,000	\$10,000 - \$25,000
2017	\$10,000 - \$28,000	\$25,000 - \$60,000	\$10,000 - \$25,000
<u>Includes Southwestern Riverside</u>			
<u>San Diego County</u>			
2021	\$10,000 - \$30,000	\$25,000 - \$65,000	\$10,000 - \$25,000
2020	\$10,000 - \$30,000	\$25,000 - \$65,000	\$10,000 - \$25,000
2019	\$10,000 - \$30,000	\$25,000 - \$65,000	\$10,000 - \$25,000
2018	\$10,000 - \$28,000	\$25,000 - \$65,000	\$10,000 - \$25,000
2017	\$10,000 - \$28,000	\$25,000 - \$60,000	\$10,000 - \$25,000
<u>AVOCADOS</u>			
LAND USE	CITRUS	CROPLAND	OPEN LAND
<u>Coachella Valley</u>			
2021	\$18,000 - \$35,000	\$30,000 - \$60,000	\$25,000 - \$45,000
2020	\$18,000 - \$35,000	\$30,000 - \$60,000	\$25,000 - \$45,000
2019	\$18,000 - \$30,000	\$30,000 - \$57,000	\$25,000 - \$45,000
2018	\$18,000 - \$30,000	\$30,000 - \$50,000	\$25,000 - \$45,000
2017	\$20,000 - \$28,000	\$25,000 - \$40,000	\$25,000 - \$30,000
<u>Imperial Valley</u>			
2021	\$9,000 - \$14,000	\$11,000 - \$14,500	\$7,000 - \$11,000
2020	\$10,000 - \$14,000	\$11,000 - \$14,500	\$7,000 - \$11,000
2019	\$11,000 - \$14,000	\$12,000 - \$15,000	\$7,500 - \$12,000
2018	\$11,000 - \$17,000	\$12,000 - \$15,000	\$8,500 - \$12,000
2017	\$11,000 - \$17,000	\$12,000 - \$15,000	\$8,500 - \$12,000
<u>Palo Verde Valley</u>			
2021	\$9,000 - \$14,000	\$11,000 - \$14,500	\$7,000 - \$11,000
2020	\$10,000 - \$14,000	\$11,000 - \$14,500	\$7,000 - \$11,000
2019	\$11,000 - \$14,000	\$12,000 - \$15,000	\$7,500 - \$12,000
2018	\$11,000 - \$17,000	\$12,000 - \$15,000	\$8,500 - \$12,000
2017	\$11,000 - \$17,000	\$12,000 - \$15,000	\$8,500 - \$12,000
<u>Table Grapes</u>			
LAND USE	IRRIGATED FIELD CROPS (per water/acre)	GOOD ADAPTABILITY (Produce)	LIMITED ADAPTABILITY (Alfalfa)
<u>Imperial Valley</u>			
2021	\$9,000 - \$14,000	\$11,000 - \$14,500	\$7,000 - \$11,000
2020	\$10,000 - \$14,000	\$11,000 - \$14,500	\$7,000 - \$11,000
2019	\$11,000 - \$14,000	\$12,000 - \$15,000	\$7,500 - \$12,000
2018	\$11,000 - \$17,000	\$12,000 - \$15,000	\$8,500 - \$12,000
2017	\$11,000 - \$17,000	\$12,000 - \$15,000	\$8,500 - \$12,000



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MOUNTAINS



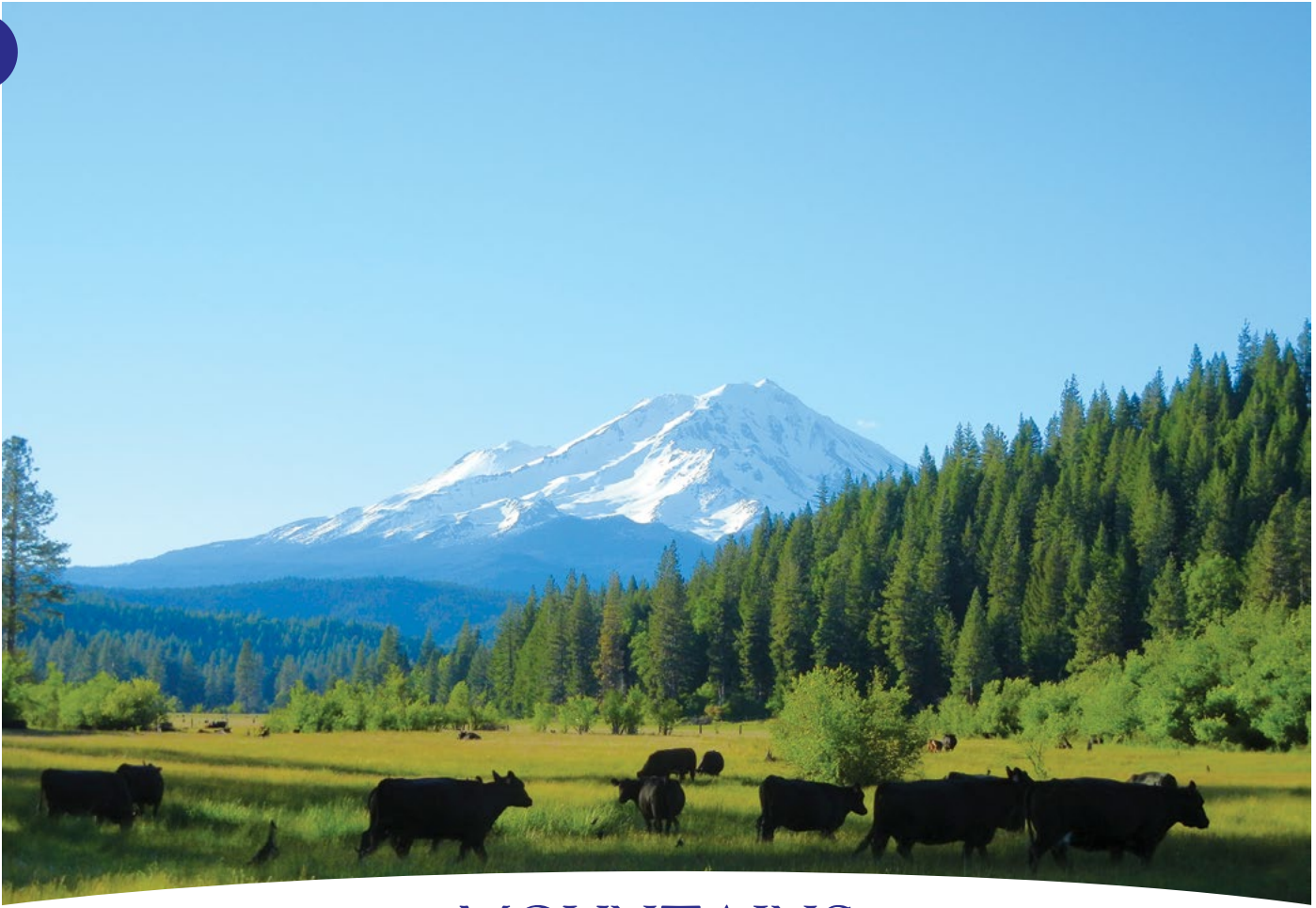
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MOUNTAINS

Northern Inter-Mountain Valleys

Lassen, Modoc, Shasta & Siskiyou Counties

Located in northeastern California, the leading commodities for the Northern Inter-Mountain Valleys in order of value are forage (primarily alfalfa), cattle and calves, nursery stock (primarily strawberries and raspberries), vegetables (primarily potatoes and onions), timber, wild rice, and grains. Walnuts are also a newer crop being grown in Shasta County and have shown slight increases in planted acreage over the last couple of years. There is currently average to good demand throughout for irrigated and non-irrigated farms, ranches and livestock grazing with very few listings. Local brokers believe average to average-plus quality tracts will move readily if properly priced, as very few properties are currently on the market. There has been some limited market activity between related parties without market exposure. For marketed properties, time on market for all property types has been stable.

An increase in more heifers being sold this year indicates the cattle cycle is in a contraction phase, especially with the drought in the north and west accelerating this contraction as pastures are exhausted and hay prices are too burdensome to maintain herd size. Feeder cattle prices increased approximately 10% from 2020, while the hay market posted a much higher return from the prior year as the drought persisted.

A stable trend is projected for both cattle and hay prices in 2022. The demand for farms and ranches is steady, driven by the need for and/or ability to control access to forage, as well as an increase in investors entering the market. Overall, values in this market area now appear to be stabilizing.

Timber production in northeastern California and southeastern Oregon remains relatively diverse and competitive, with dimensional lumber mills, stud mills, veneer mills, plywood mills, and grade-cutting mills throughout the region. Log markets are typically stronger on the western side of the region with better access to mills and the I-5 corridor. Following the uptick in lumber demand and housing starts in 2020, lumber prices remained strong, reaching a peak in mid-2021 before beginning to decline. Log prices did not follow the record-shattering prices that lumber did; however, log prices remained strong and stable through 2021. The underlying factors for these strong markets are an increase in housing starts, increased lumber demand for renovations and other construction, and low interest rates. As a result, lumber demand remains strong for mills throughout the region, which has led to increased demand and pricing for saw-logs. Douglas-fir and cedar maintain the strongest pricing for merchantable timber species in the region, and white woods and pine typically have softer pricing. Timberland in the region is generally regarded as having reduced marketability compared

to timberland in the western Pacific Northwest or other parts of California. This is largely due to lower productivity throughout the region, thinner log markets, less privately owned timberland, and the fact that much of the privately owned timberland is closely held by family-owned companies. As a result, sales of larger timberland parcels are limited and tend to have extended marketing periods.

In 2021, the McFarland Fire, Monument Fire, River Complex, McCash Fire, Cougar Peak Fire, Dixie Fire, Bootleg Fire, Salt Fire, Lava Fire, Antelope Fire, and Fawn Fire burned over 2,300,000 acres in Northeastern California and Southeastern Oregon. Much of the burned timberland was on federal land, and is unlikely to be salvaged at a meaningful scale. However, a significant amount of private timberland also burned in these fires. Salvage logging is already underway on private timberlands to harvest burned timber, and this glut of salvaged wood is anticipated to impact regional log markets.

The Northern Inter-Mountain Valleys are broken into various sub-market areas. The Alturas area and Surprise Valley are in northeastern Modoc County. Key attributes of the area include the abundant supply of federal rangeland available for lease at a relatively low cost, fertile bottomlands, and power from the Surprise Valley Rural Electric Co-Op at some of the lowest rates in the state. All these features combine to make this a productive farming and ranching region in the intermountain west. Historically, the principal crops grown in this area have been alfalfa hay, irrigated pasture for beef cattle, cereal grains, and dry pasture, with some wild rice grown south and west of Alturas. The table shows dry pasture market demand increasing; however this is mostly for smaller parcels in which buyer motivation is less agricultural in nature and more with the intention to have a recreational property way from urban areas.

Tulelake is situated in the agricultural district known as the Klamath Basin in the northeastern portion of California and extends into south-central Oregon. Historically, the principal crops grown

in this area have been cereal grains, alfalfa hay, irrigated pasture for beef cattle, onions, potatoes, malting barley, and grass seed. More recently, mint, garlic, fresh market carrots and lettuce have also been planted. Irrigation water continues to be at the forefront of local issues due to the numerous entities vying for a share of available water. The parties laying claim to the water vary and include Indian tribes on the Klamath River, farmers and irrigation districts, wildlife refuges, environmentalists, and wildlife on the endangered species list. Even in the best of years, the water available does not satisfy the needs of all the parties which lay claim to it. With the adjudication of water rights completed in March of 2013, a whole new set of problems arose affecting water rights priorities and access to water for those ranches and farmers in the upper basin. The water from the upper basin is impounded in Upper Klamath Lake, and then is divided among the many interested parties below the lake. Agricultural producers received no water from the district in 2021. Only the few producers with access to wells were able to still produce product. Overall, it was a very tough year for the Klamath and Tulelake Basin. 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 groundwater wells and the Butte Valley Irrigation District. Historically, the principal crops grown in this area have been alfalfa hay, irrigated pasture for beef cattle, cereal grains, and potatoes. However, significant acreage has now been converted to the production of strawberry and raspberry sets, as the area has attractive soil and infrastructure for this use combined with lower land/lease costs than historical nursery production areas in the San Joaquin Valley and Southern California. Strawberry nursery production is the county's most valuable crop with plants exported to Central California and many countries worldwide. Competition from various

nurseries remains strong for lands capable of producing the sets. Demand for property in the area is average to good and values continue to remain stable with limited sale activity.

Shasta Valley and Scott Valley are situated within north-central Siskiyou County. Sierra Valley is located within Plumas and Sierra Counties. Honey Lake Valley is located in southeastern Lassen County and Big Valley comprises the northwestern part of Lassen County and the southwestern part of Modoc County, and lies near the northeastern corner of the State. Historically, the principal crops grown in these areas have been alfalfa hay, irrigated pasture for beef cattle, cereal grains, and dry pasture. A key attribute of this market area is the abundant supply of federal rangeland available for lease at a relatively low cost, fertile bottomlands, and available water for irrigation.

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

Rangeland in the Central Sierra Nevada Foothill Counties

All foothill counties continue to draw significant interest and activity from out of area buyers looking to relocate after ongoing COVID-related restrictions and the continued ability to work remotely or to have some hybrid of remote and in-office work. In all of these foothill markets, the end of 2020 and all of 2021 brought a significant increase in demand for rural residential/recreational properties under 40 acres. Many of these properties were

purchased for cash by buyers out of the area for future home site or recreational use. In many cases, these smaller 15 to 40-acre properties received multiple offers and sold at or above list price. The height of the market for these properties occurred over the summer of 2021. Since that time, the demand has subsided somewhat, although the market for these properties remains strong with values remaining holding steady as well. Local realtors and market participants indicate that prices have remained stable even with demand softening, and marketing times remain reasonable and generally under 6 months. This market is not expected to take a sudden downward turn, but is expected to continue leveling off from the height of pricing and demand observed in mid-2021.

The majority of larger rangeland properties purchased in the Sierra Foothill Counties are for home sites with grazing uses, or expansion of existing owner-operated cattle operations. In Tuolumne County for properties over 80 acres, there were only four sales noted in 2021, and price per acre was a tight range of \$3,000 to \$3,700. There were limited listings of properties over 80 acres with asking prices of \$3,800 to \$6,500 per acre, many of which are overpriced and have been on the market for longer than 12 months. The number of sales increased over 2020 in which there were no sales of grazing land over 80 acres. Overall, market activity is increasing with values stable to slightly increasing.

Calaveras County showed eight rangeland sales between 80 and 1,100 acres with sales price per acre ranging between \$2,000 and \$5,600 per acre. Two of the sales were 80 and 92 acres with sales price per acre of \$5,500 and \$5,600 respectively. The sales of ranches between 200 and 1,100 acres had a tight range of value between \$2,000 and \$2,700 per acre, similar to 2020 values for larger acreage pieces. There are several pending sales and very limited listings of larger rangeland properties. Overall, Calaveras County showed increasing demand and stable

values for larger ranch properties, with increasing values for properties under 100 acres when compared to 2020.

Mariposa County had fourteen sales of 80 acres or more with sales prices ranging between \$1,400 (700+ acres) and \$2,800 per acre in the more desirable Catheys valley area. 2020 statistics are nearly identical in number of sales and value range, indicating a stable market in all areas.

Amador County rangeland sales over 80 acres involved seven sales in 2021 with a range of \$2,500 to \$4,200 per acre with the majority around \$3,700 per acre. Amador sales increased from just two sales in 2020 in this size range. Price per acre was stable to increasing overall with market activity increasing in 2021. Adjacent El Dorado County showed a decreasing number of transactions when compared to 2020 with just 6 rangeland sales in 2021 compared to 10 in 2020. However, values remained stable between \$4,000 and \$8,300 per acre depending on location. El Dorado County has higher land values than many foothill counties due to its proximity to Sacramento and ability for buyers to commute into the city for higher paying jobs. Recreational land sales were not included in this analysis.

It is expected that the demand for small ranch/rural home site properties throughout the Sierra Foothills will continue into 2022. Demand and pricing for larger rangeland properties is expected to remain stable with limited inventory and therefore, limited transactions.

In these foothill market areas, there are very few leased rangeland properties, and those that are range in annual rental rates from \$25 and \$35 per animal unit month (AUM) or \$16 to \$25 per acre annually depending on grass quality and location.

Mono and Inyo Counties have seen very limited transactions over the past several years. Sales of desert grazing or sub irrigated meadows indicate a price per acre ranging from \$350 to \$1,000 per acre for properties between 160

and 900 acres. Smaller properties with home site potential with secondary grazing or horse pasture sold higher between \$1,700 and \$3,500 per acre. This market overall has seen limited demand and very limited transactions with generally stable values over the past several years.

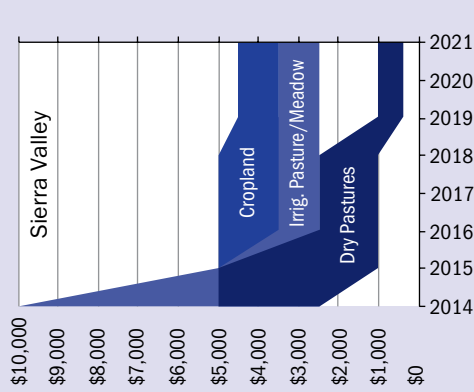
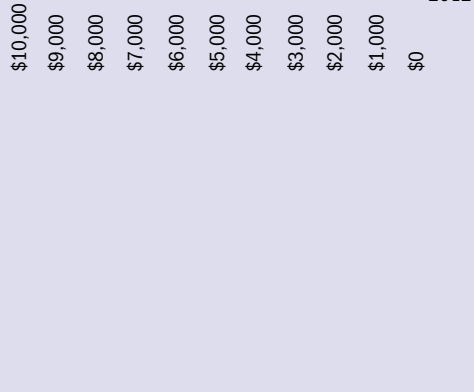
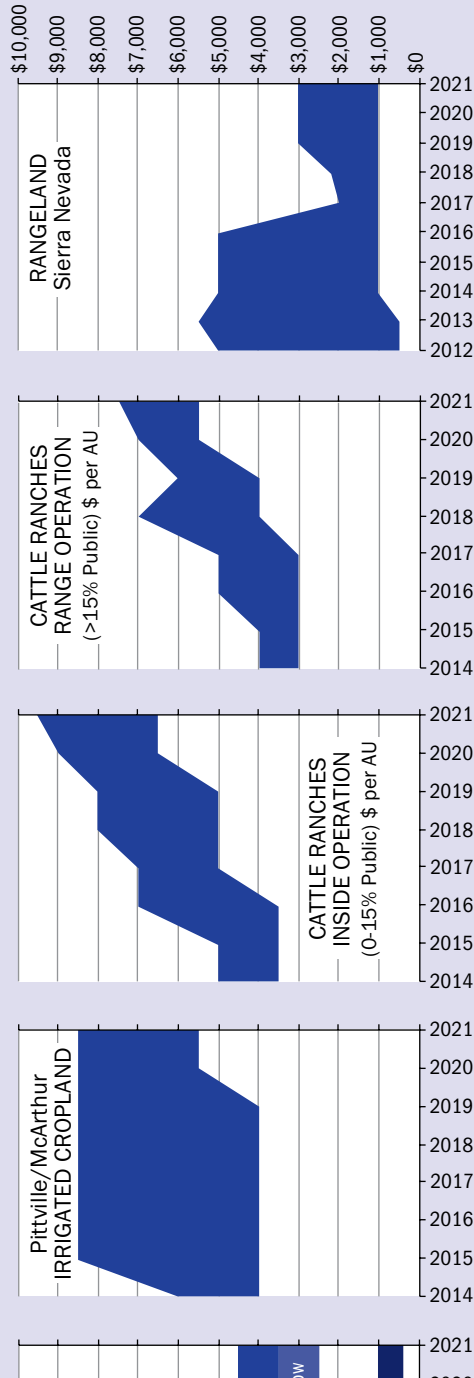
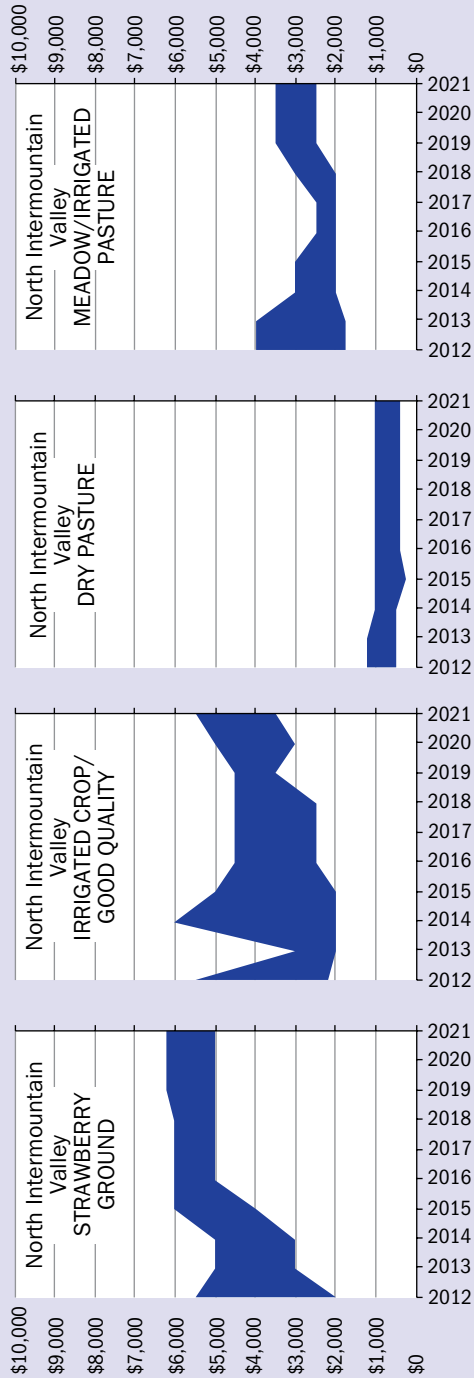
East Placer County Irrigated Cropland/ Rice Ground


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

VALUES: LAND AND LEASE


LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
North Inter-Mountain Valley Areas (Lassen, Modoc, Shasta, Siskiyou Counties)					
Strawberry Ground	\$5,000 - \$6,200	Stable	Limited	Stable	\$400 - \$600
Irrigated Crop/Good Quality Acreage	\$3,500 - \$5,500	Stable	Stable	Stable	\$150 - \$200
Meadow/Irrigated Pasture	\$2,500 - \$3,500	Stable	Stable	Stable	\$30 - \$42/AUM
Dry Pasture	\$400 - \$1,000	Stable	Stable	Stable	\$15 - \$20/AUM
Sierra Valley					
Irrigated Crop/Good Quality Acreage	\$3,500 - \$4,500	Stable	Limited	Stable	Insufficient Data
Meadow/Irrigated Pasture	\$2,500 - \$3,500	Stable	Limited	Stable	\$30 - \$42/AUM
Dry Pasture	\$400 - \$1,000	Increasing	Increasing	Increasing	\$15 - \$20/AUM
Pittville/McArthur					
Irrigated Crop Acreage	\$5,500 - \$8,500	Stable	Limited	Stable	\$200 - \$250
North Inter-Mountain Cattle Ranches Value per Animal Unit (Lassen, Modoc & portion of Siskiyou Counties)					
Inside Operation (0-15% Public)	\$6,500 - \$9,000	Stable	Stable	Stable	\$30 - \$42/AUM
Range Operation (>15% Public)	\$5,500 - \$7,500	Stable	Stable	Stable	\$20 - \$32/AUM
Plumas, East Placer, Sierra, Nevada & Alpine Counties					
Rangeland	\$1,000 - \$2,000	Stable	Limited	Stable	\$25 - \$35/AUM
Irrigated Cropland/Rice Ground (Placer)	\$10,000 - \$12,000	Stable	Limited	Stable	N/A
East El Dorado & Amador Counties					
Rangeland	\$2,500 - \$8,000	Limited	Stable	Stable-Increasing	\$25 - \$35/AUM
Calaveras, Tuolumne, & Mariposa Counties					
Rangeland	\$1,400 - \$3,700	Increasing	Stable-Increasing	Stable-Increasing	\$25 - \$35/AUM
Mono & Inyo Counties					
Rangeland	\$500 - \$2,000	Limited	Limited	Stable	\$25 - \$35/AUM

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Photo credit: Pablo Vescia

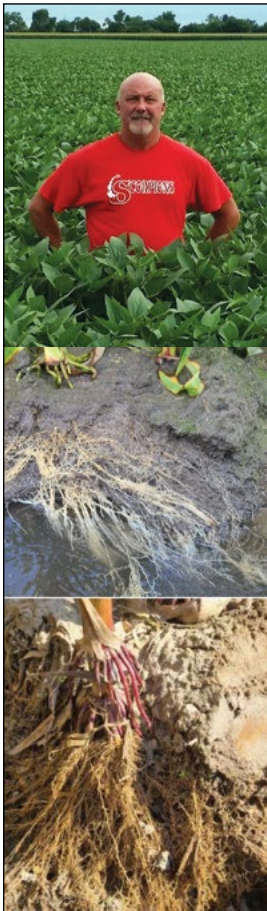


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NEVADA



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NEVADA

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

alfalfa seed, mint, turf grass, fruits and vegetables are grown throughout the state.

Within the state of Nevada, sale activity has been stable to increasing as compared to prior years, currently with numerous real estate listings. Alfalfa and cattle prices strengthened in 2017 and have remained stable from 2018 through 2021. Cattle prices suffered early in 2020 due to COVID-19, but rebounded in the summer and fall months. Feed prices have increased year over year, as the drought conditions persist.

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

There have been a few sales of smaller deeded parcels with BLM grazing allotments attached to them that have commanded much higher prices as the rainfall insurance program has been very successful for those people willing to take that risk.

Overall, the Nevada agricultural real estate market has indicated stable to increasing values, depending on the local market, throughout 2021.



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VALUES: LAND AND LEASE

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND	RENT RANGE
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Northern Nevada Irrigated Cropland (Value per Acre)

Lahontan Valley (Fallon)	\$6,200 - \$10,000	Average	Average	Increasing-Stable	\$150 - \$200
Lovelock	\$2,500 - \$3,500	Average	Average	Stable-Increasing	33%
Mason Valley	\$5,500 - \$8,000	Average	Average	Stable	\$150 - \$400
Smith Valley	\$5,500 - \$8,000	Average	Average	Stable	\$150 - \$200
Carson Valley	\$7,000 - \$10,000	Average	Average	Stable	N/A
Orovada	\$3,500 - \$4,500	Average	Average	Increasing	\$125 - \$170
Kings River/Silver State Valley	\$3,500 - \$4,500	Average	Average	Increasing	\$125 - \$170
Winnemucca Area	\$3,500 - \$4,500	Average	Average	Increasing	\$125 - \$170
Elko/Diamond Valley/Reese River	\$2,800 - \$4,000	Average	Average	Stable	\$125 - \$170

Northern Nevada Cattle Ranch Operations (Value per AU)

Inside Operation	\$6,000 - \$8,500	Average	Average	Increasing	\$150 - \$200
Range Operaton	\$4,500 - \$6,000	Average	Average	Increasing-Stable	\$100 - \$150
Desert Operation	\$3,000 - \$4,000	Average	Average	Increasing	\$100 - \$150

Grazing Permits Value (Value per AUM)

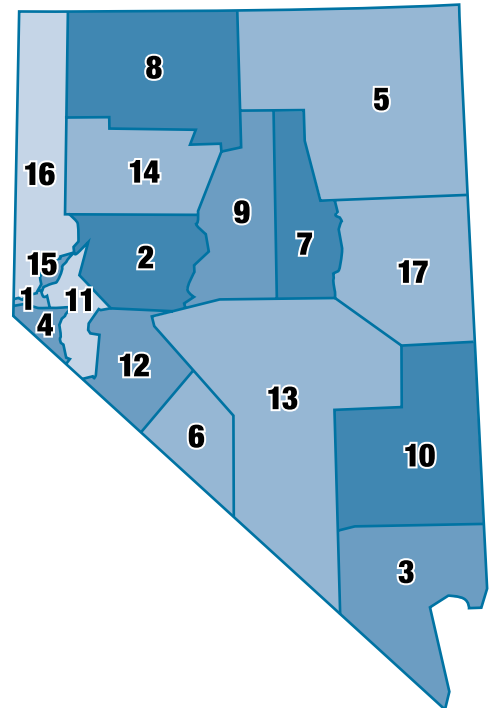
Grazing Permits	\$100 - \$200	Average	Average	Stable	N/A
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Grazing Land (Value per Acre)

Dry Grazing (Range)	\$100 - \$500	Average	Average	Stable	N/A
Pasture/Meadow	\$1,200 - \$2,500	Average	Average	Increasing-Stable	\$30 - \$42/AUM

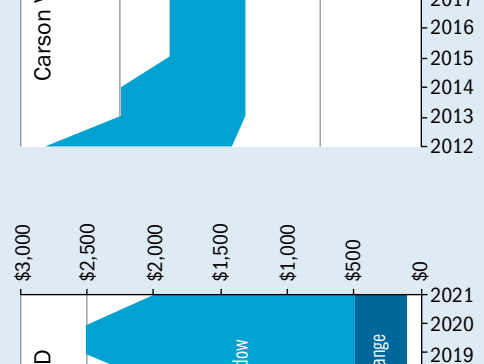
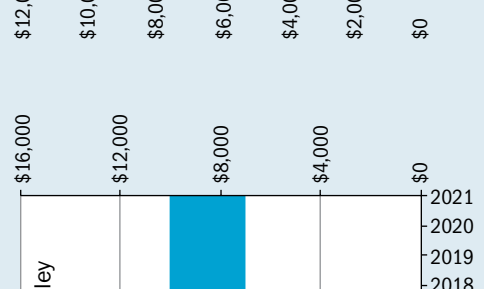
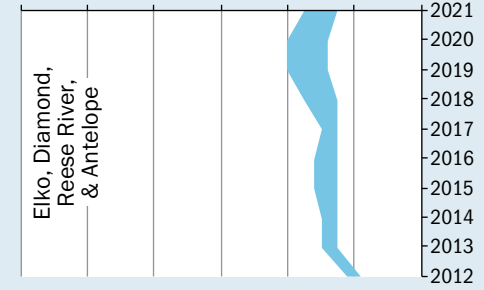
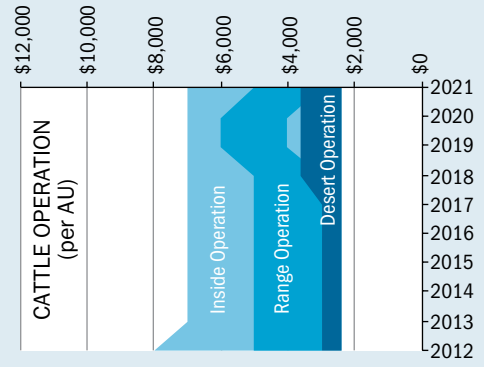
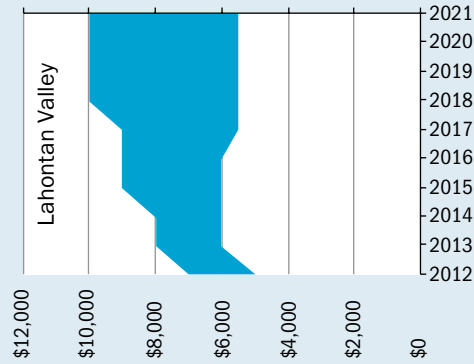
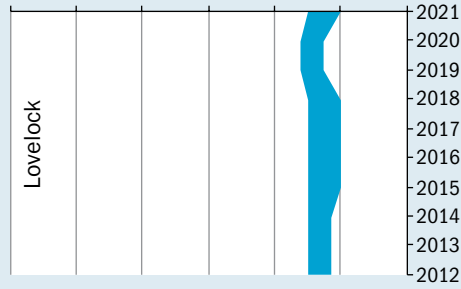
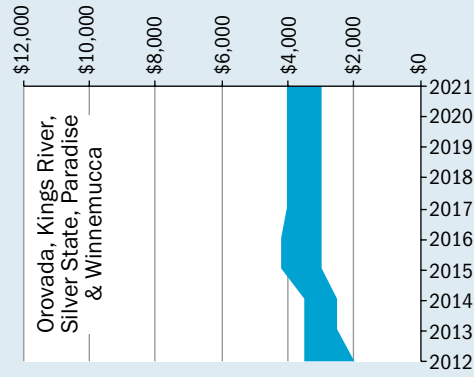
NEVADA AGRICULTURAL COMMODITIES BY COUNTY

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 (FALLOW)	LOVELOCK	MASON VALLEY	SMITH VALLEY	CARSON VALLEY	OROVADA	KINGS RIVER/ SILVER STATE VALLEY	WINNEMUCCA AREA	ELKO, DIAMOND VALLEY, REESE RIVER
Northern Nevada Irrigated Cropland									
2021	\$5,500 - \$10,000	\$2,000 - \$3,000	\$5,500 - \$8,000	\$5,500 - \$8,000	\$7,000 - \$10,000	\$3,000 - \$4,000	\$3,000 - \$4,000	\$3,000 - \$4,000	\$2,500 - \$3,500
2020	\$5,500 - \$10,000	\$2,500 - \$3,200	\$5,500 - \$8,000	\$5,500 - \$8,000	\$7,000 - \$10,000	\$3,000 - \$4,000	\$3,000 - \$4,000	\$3,000 - \$4,000	\$2,800 - \$4,000
2019	\$5,500 - \$10,000	\$2,500 - \$3,200	\$5,500 - \$8,000	\$5,500 - \$8,000	\$7,000 - \$10,000	\$3,000 - \$4,000	\$3,000 - \$4,000	\$3,000 - \$4,000	\$2,800 - \$4,000
2018	\$5,500 - \$10,000	\$2,000 - \$3,000	\$5,500 - \$8,000	\$5,500 - \$8,000	\$7,000 - \$10,000	\$3,000 - \$4,000	\$3,000 - \$4,000	\$3,000 - \$4,000	\$2,500 - \$3,500
2017	\$5,500 - \$9,000	\$2,000 - \$3,000	\$5,500 - \$8,000	\$5,500 - \$8,000	\$7,000 - \$10,000	\$3,000 - \$4,000	\$3,000 - \$4,000	\$3,000 - \$3,500	\$2,500 - \$3,000
LAND USE	INSIDE OPERATION	RANGE OPERATION	DESERT OPERATION						
Northern Nevada Cattle Ranch Operations (Value per AU)									
2021	\$5,000 - \$7,000	\$3,000 - \$5,000	\$2,400 - \$3,600						
2020	\$5,000 - \$7,000	\$4,000 - \$6,000	\$2,400 - \$3,600						
2019	\$5,000 - \$7,000	\$4,000 - \$6,000	\$2,400 - \$3,600						
2018	\$5,000 - \$7,000	\$3,000 - \$5,000	\$2,400 - \$3,600						
2017	\$5,000 - \$7,000	\$3,000 - \$5,000	\$2,400 - \$3,000						
LAND USE	GRAZING PERMITS								
Grazing Permits (Value per AUM)									
2021	\$80 - \$200								
2020	\$100 - \$200								
2019	\$100 - \$200								
2018	\$80 - \$200								
2017	\$80 - \$200								
LAND USE	DRY GRAZING (RANGE)		PASTURE/MEADOW						
Grazing Land Value (Per Acre)									
2021	\$100 - \$500		\$500 - \$2,000						
2020	\$100 - \$500		\$500 - \$2,500						
2019	\$100 - \$500		\$500 - \$2,500						
2018	\$100 - \$500		\$500 - \$2,000						
2017	\$100 - \$500		\$500 - \$2,000						



GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CWT: Hundred weight.

Delta Land: Land located in the Sacramento Delta region.

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

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

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

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

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

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

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

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

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

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

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

GSP: Groundwater Sustainability Plan; plan created and implemented by a local GSA by mandate through SGMA to achieve sustainable groundwater management in the local basin/sub-basin within 20 years of plan inception. Sustainable management aims to avoid depletion of supply, reduction in storage, seawater intrusion, degraded water quality, subsidence, or depletion of interconnected surface water. GSPs were adopted in January of 2020 for high priority basins that are critically overdrafted, and are due by January of 2022 for all other high and medium-priority basins.

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

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

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

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

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

Marketable: Appeal to market for sale.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Premiumization: The move towards more expensive premium products.

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

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

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

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

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

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

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

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

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

Soften: To lose value or decrease in demand.

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

Stabilized: Generally level or flat.

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

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

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

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

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

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

Topography: Elevation(s) or contour of land.

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

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

USBR: Irrigation Districts that receive contracted water from the United States Department of the Interior Bureau of Reclamation. See also Federal Districts.

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

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

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

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

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

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

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