

Maricopa County Market Trends

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Southwest Land Associates



AGRICULTURAL LAND VALUE AND RENTAL RATE TRENDS
MARICOPA COUNTY, ARIZONA

General Real Estate Market Comments:

The 2014 and early 2015 raw land market is one that has seen the continued slow land market activity that started in 2013.

The strong farm commodity prices observed in 2013 and early 2014 have been on a slide, and with reduced profits, we are seeing less farmer activity. Homebuilder and investor activity is still slow.

Most transactions are still cash to seller.

General Farmland and Farming Market Comments:

Farmland sales activity for 2015 will likely continue at the levels observed in 2014, which slowed from the 2011 to 2013 time period. Prices have not softened, and modest increases are observed, year over year. Keep in mind that we are not creating any new farmland, so as we build on the existing farmland through continued metro expansion, competition for the remainder will keep prices relatively firm to increasing slightly. However, most of the Maricopa County farmland is priced at levels that still cannot be supported solely by agricultural production. Generally speaking, a typical farmer will seldom pay more than \$10,000 per cropland acre in the area, however, a specialty grower may go higher for ground suited for produce, roses, etc.

As we start 2015, small grains, corn and cotton commodity prices have softened; alfalfa hay and silage prices are still strong, and the demand for all of the feed commodities for dairy, feedlot, horse and export uses are still strong. Milk prices were very strong in 2013 and 2014, but have weakened substantially into early 2015. We have yet to see if this will impact hay and silage prices.

Costs of some crop inputs are lower than last year, especially fuel and fertilizer.

With the lower commodity prices received, I would anticipate that the rising cash cropland rents observed for the last four years will moderate. But in the areas with the lower irrigation water costs we still may see increases in rent. But the rate of increase is likely moderating as compared to the 2011, to 2014 time period.

In some of our irrigation or power districts that receive hydroelectric power, the drought on the Colorado River and its tributary system in recent years has caused not only a reduction in available water supplies, but also a reduction in the amount of low cost hydro power being generated, which is forcing the electrical power districts to purchase power in the spot market at higher rates. Some districts report electrical rate increases that have totaled an accumulative 35 to 45% over the last 8 years.

Some irrigation districts have increased water costs to the farmers, either pumped or surface water, from 2006 into 2015. Some districts have increased assessments to have the funding available to repair the districts' wells or to drill new wells, so that water delivery levels can be maintained to the growers. Excess CAP water supply availability is reduced due to the drought on the Colorado River watershed.

The following table provides a general or typical land sale price and farmland rental rate range and trend for 2014 and early 2015, in the major irrigation districts or farming areas

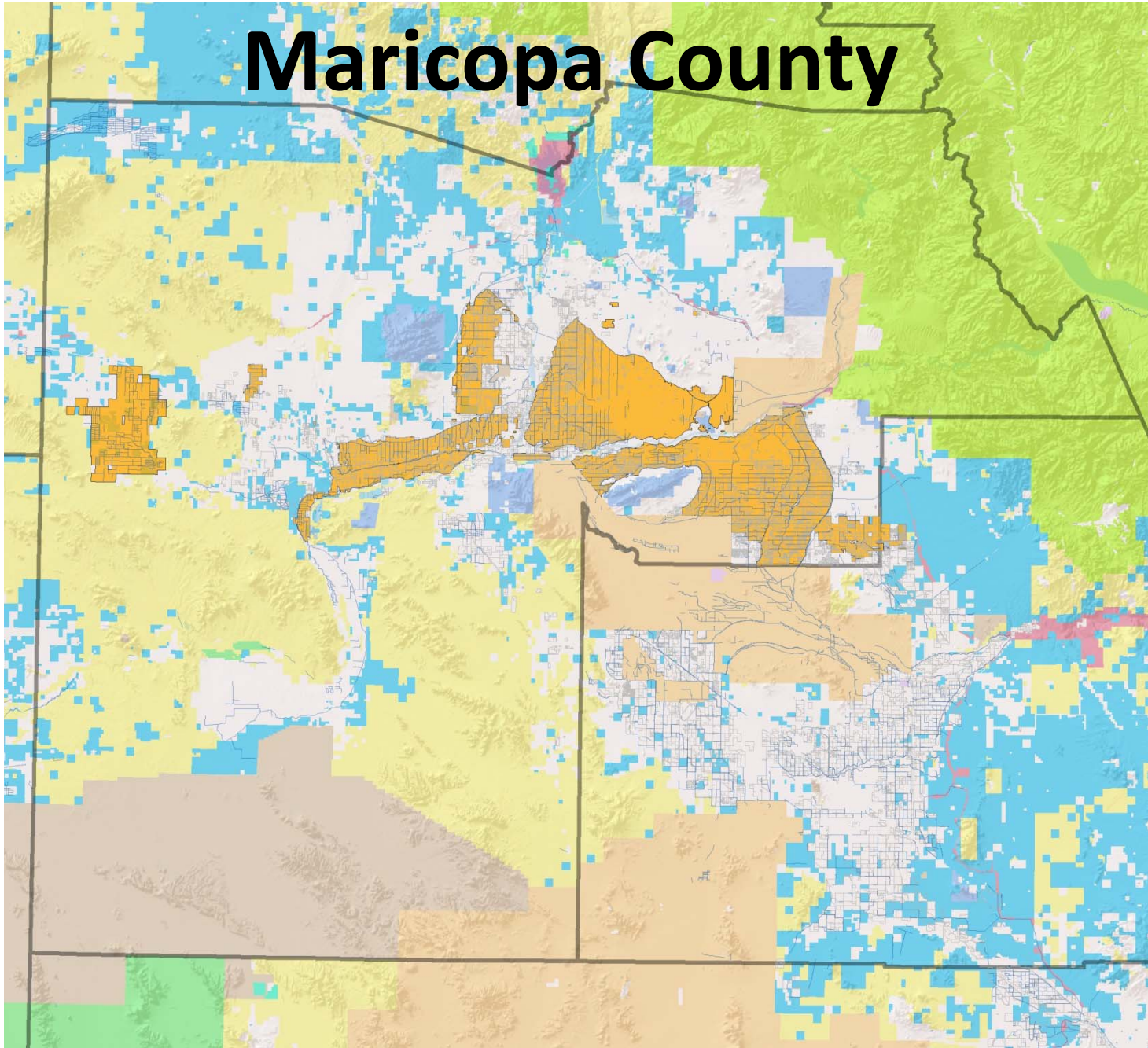
of Maricopa County, as well as current water and assessment charges. Please keep in mind that most of the land prices surrounding the urban area still reflect price trends based on anticipated future non-agricultural uses.

Note: Water costs reported for farmer owned wells are energy only.

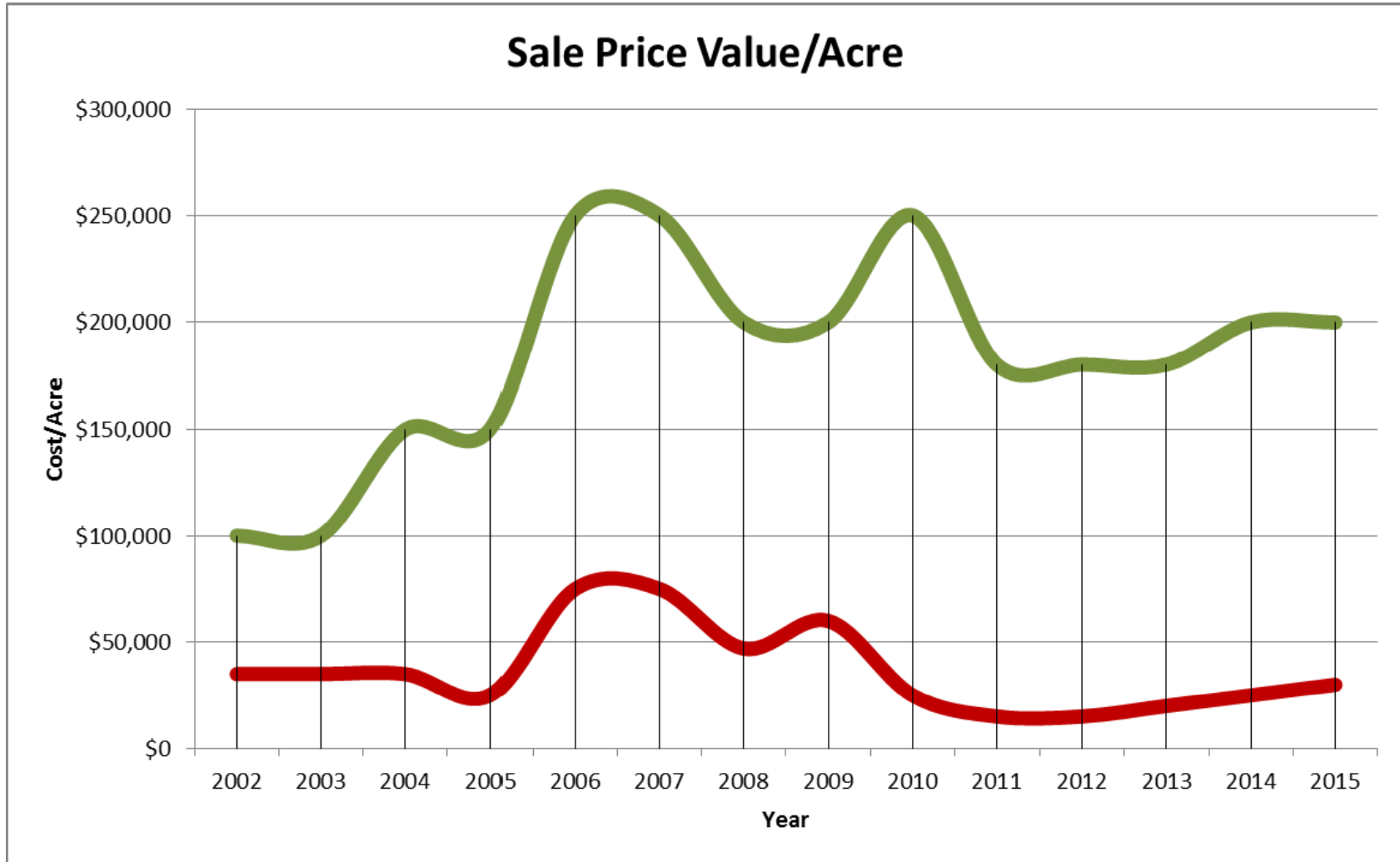
Charles J. Havranek, Southwest Land Associates, LLC, 623-877-5180

Irrigation District	Water Source/Cost	Sale Price per Acre	Sale Price Activity/Trend	Rent Range per Acre	Rental Activity/Trend
Salt River Project	Surface & Pump Surface: \$15/AF Pumped: \$46/AF Assess: \$30/AC	\$30,000 to \$200,000+ (Demand for development)	Increasing activity & Prices. (Non-Ag Influence –mostly infill.)	\$175 to \$300, Higher end of range indicates use for specialty crops	All Rented (Very little left for AG)/ Increasing within the range.
Buckeye I.D. (Southwest Valley Metro Fringe Area)	Surface & Pump Surface: \$18/AF Assess: \$7.30/AC	\$20,000 to \$30,000+	Increasing activity/ increasing prices.	\$175 to \$300	All Rented/ Increasing Trend within the range.
Roosevelt I.D. (West Valley Metro Fringe Area)	Surface & Pump \$50/AF Assess: \$27.10/AC Wells: \$30-\$55/AF	\$30,000 to \$45,000+	Increasing activity & prices.	\$125 to \$225	All rented/Increasing within the range.
Roosevelt W.C.D. (Southeast Valley Metro Fringe Area)	Surface & Pump \$23.75/AF Wells: \$38-\$65/AF Assess: \$114.23/AC.	\$50,000 to \$200,000+ (Demand for development)	Increasing activity & prices. (Non-Ag influence)	\$150 to \$250+	All Rented/ Increasing within the range.
Harquahala Valley I.D. (Non Metro Area 65 miles west of Phoenix)	Surface & Pump CAP: \$60.50/AF Wells: \$38-\$50/AF Assess: \$16.10/AC	\$6,500 to \$8,000 (Invest/Spec. Demand)	After a few years of little activity, buyers are more active	\$80 to \$200 Varying w/water supplies \$100 to \$150 is typical.	Stable/ Increasing, especially for those farms with adequate well water supplies.
Queen Creek I.D. (SE Valley Metro Fringe Area)	Surface & Pump CAP: \$53/AF. Wells: \$48 - \$85/AF Assess: \$0/AC	\$50,000 to \$100,000+ (Invest/Spec. Demand)	Increasing activity & prices.	\$100 to \$200	Stable/Increasing within the range.
Maricopa Water District (NW Valley Area)	Surface & Pump Surface: \$42/AF Wells: \$45 - \$80/AF Assess: \$0/AC	\$45,000+ \$150,000+ (Demand for development)	Increasing activity & prices. (Suburban Non-Ag influence).	\$150 to \$250	Stable/Increasing within the range
Tonopah I.D. (40 miles west of Phoenix)	Surface & Pump CAP: \$32/AF Wells: \$40 - \$80/AF Assess: \$1/AC	\$10,000+	Increasing activity & prices.	\$150 to \$200	Stable/Increasing within the range
Desert Pump Farms (Non-District, Rainbow Valley, Aguila, Hyder, Gila Bend)	Pump (Shallow to Deep Lift) \$30 to \$100/AF Assess: N/A	\$2,500 to \$9,000 (Varying w/ water costs, supplies & location.)	Increasing activity & prices.	\$100 to \$200+ Varying w/ water costs and suitability for specialty crops.	Increasing/ Increasing, especially for those farms with adequate well water supplies and drip irrigation.
Arlington Canal Company	Surface: Surface: \$20/AF Assess: \$14/AC	No Activity	One sale in 2012	\$200 to \$350	Stable/ Increasing within the range.
Paloma Irrigation & Drainage District	Surface & Pump \$43/AF Assess. \$7.00/AC	\$3,500 to ?	Negligible.	\$150 to \$200, varying with soils and water.	Stable/ Increasing within the range.

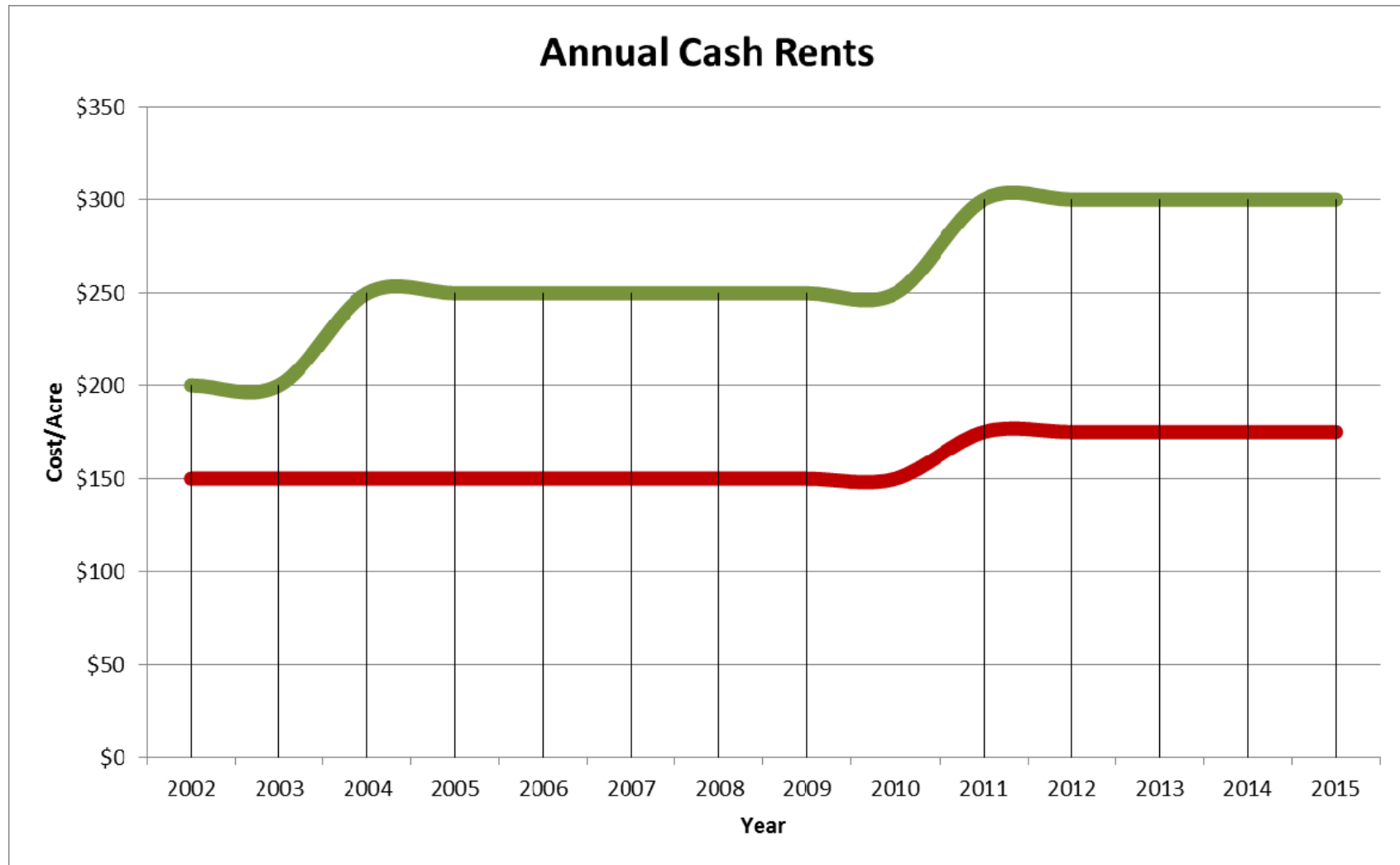
Maricopa County



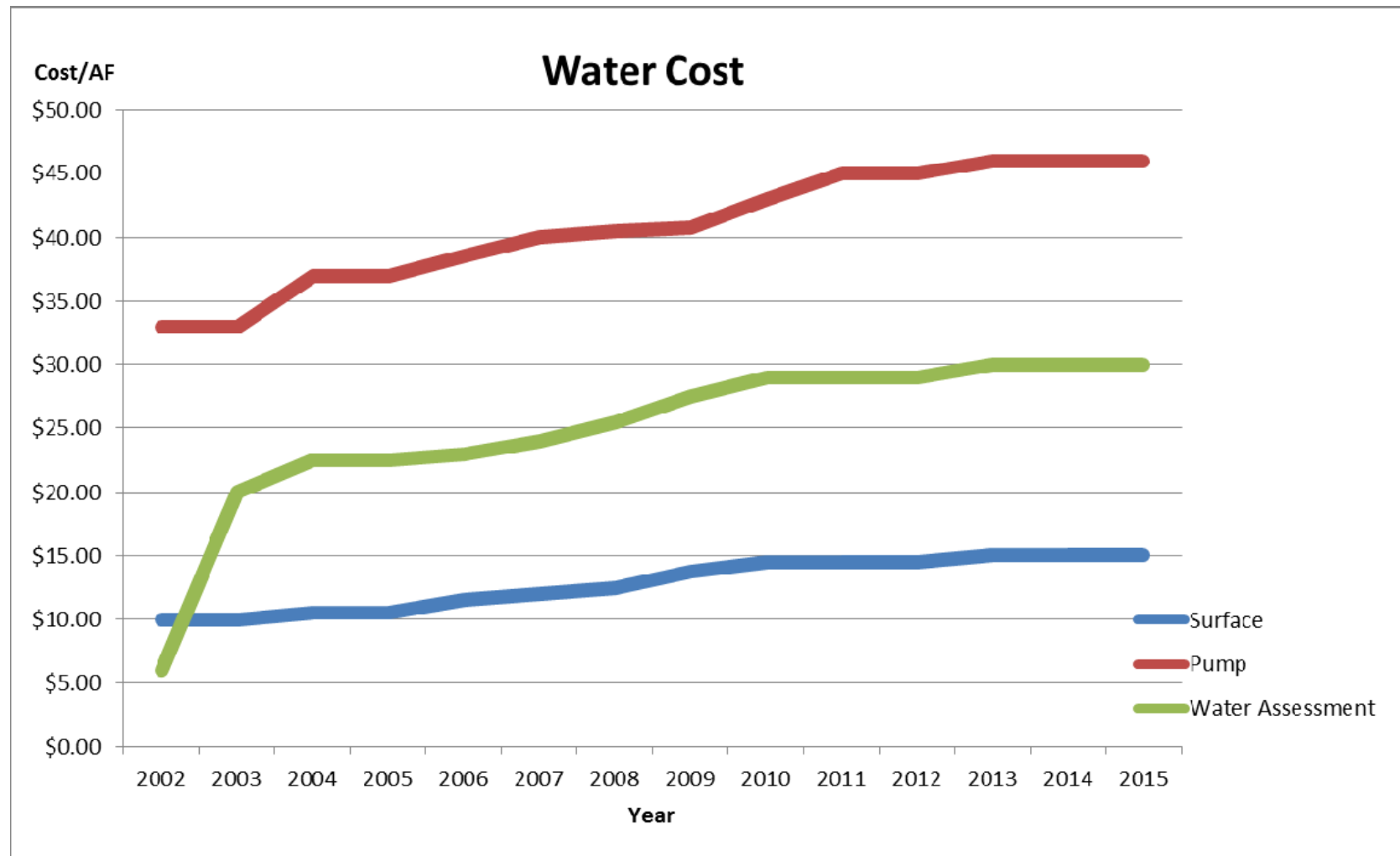
Salt River Project Water Users Assoc.



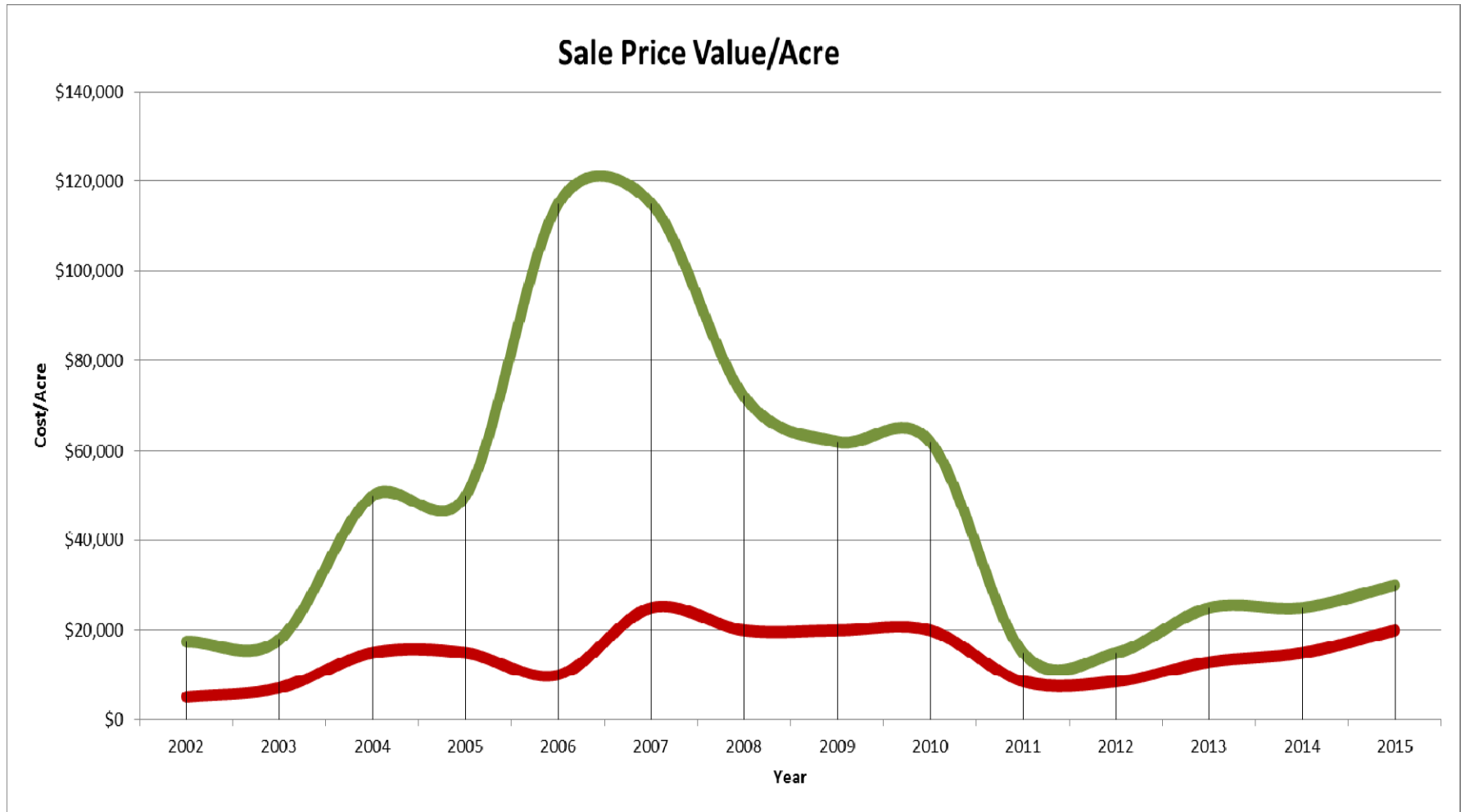
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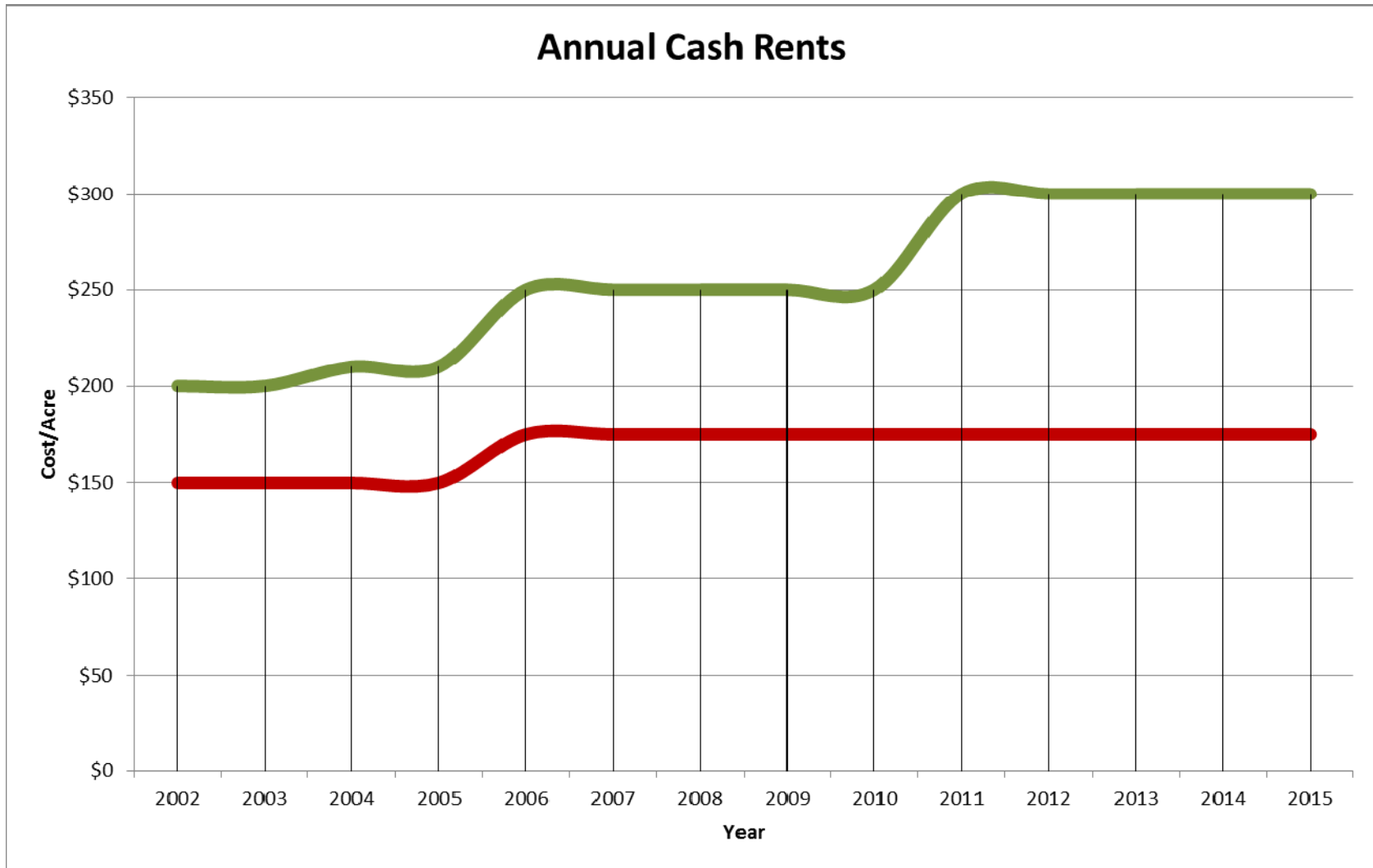
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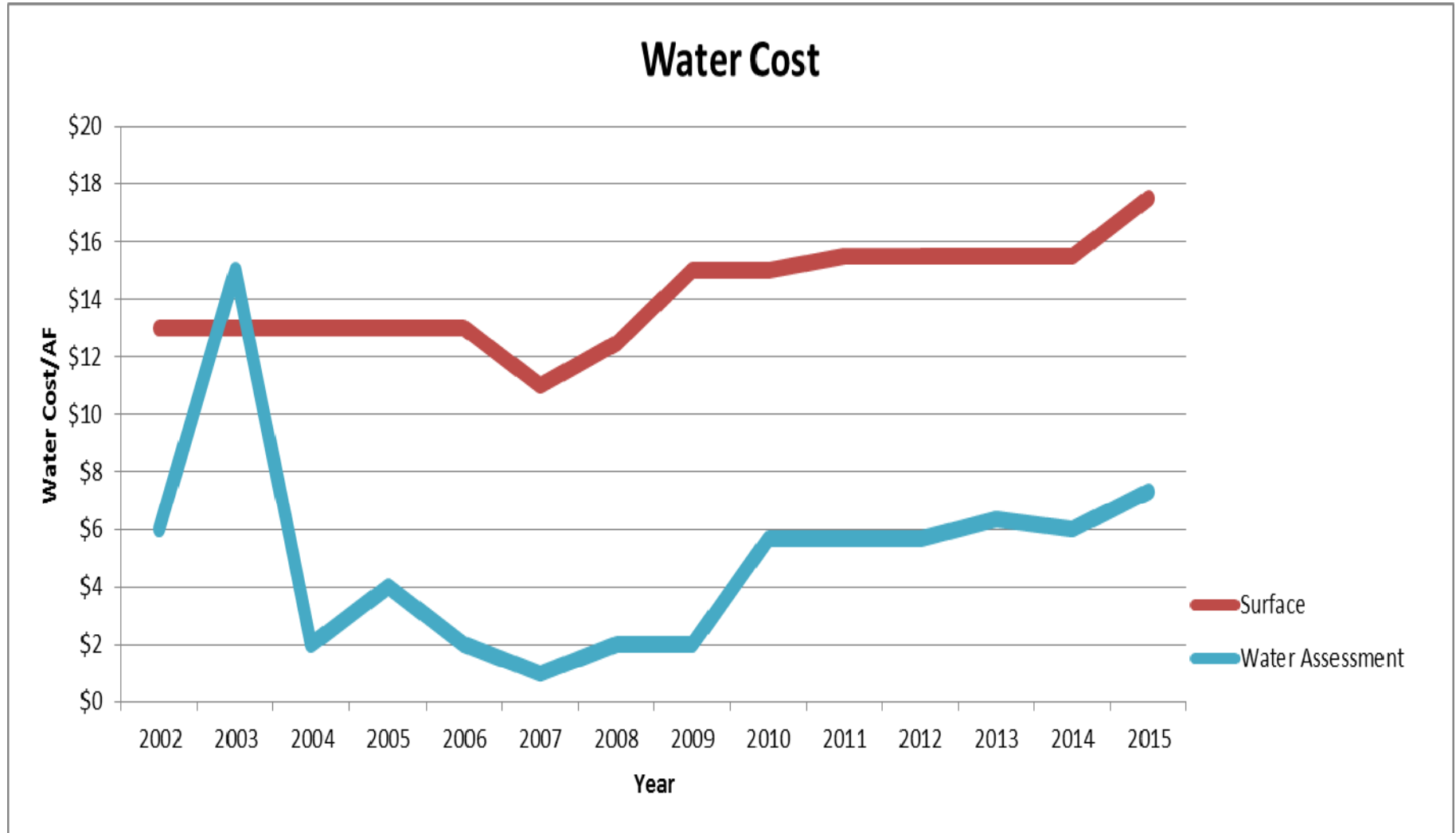
Buckeye I.D. (Metro Fringe & Non-Metro)



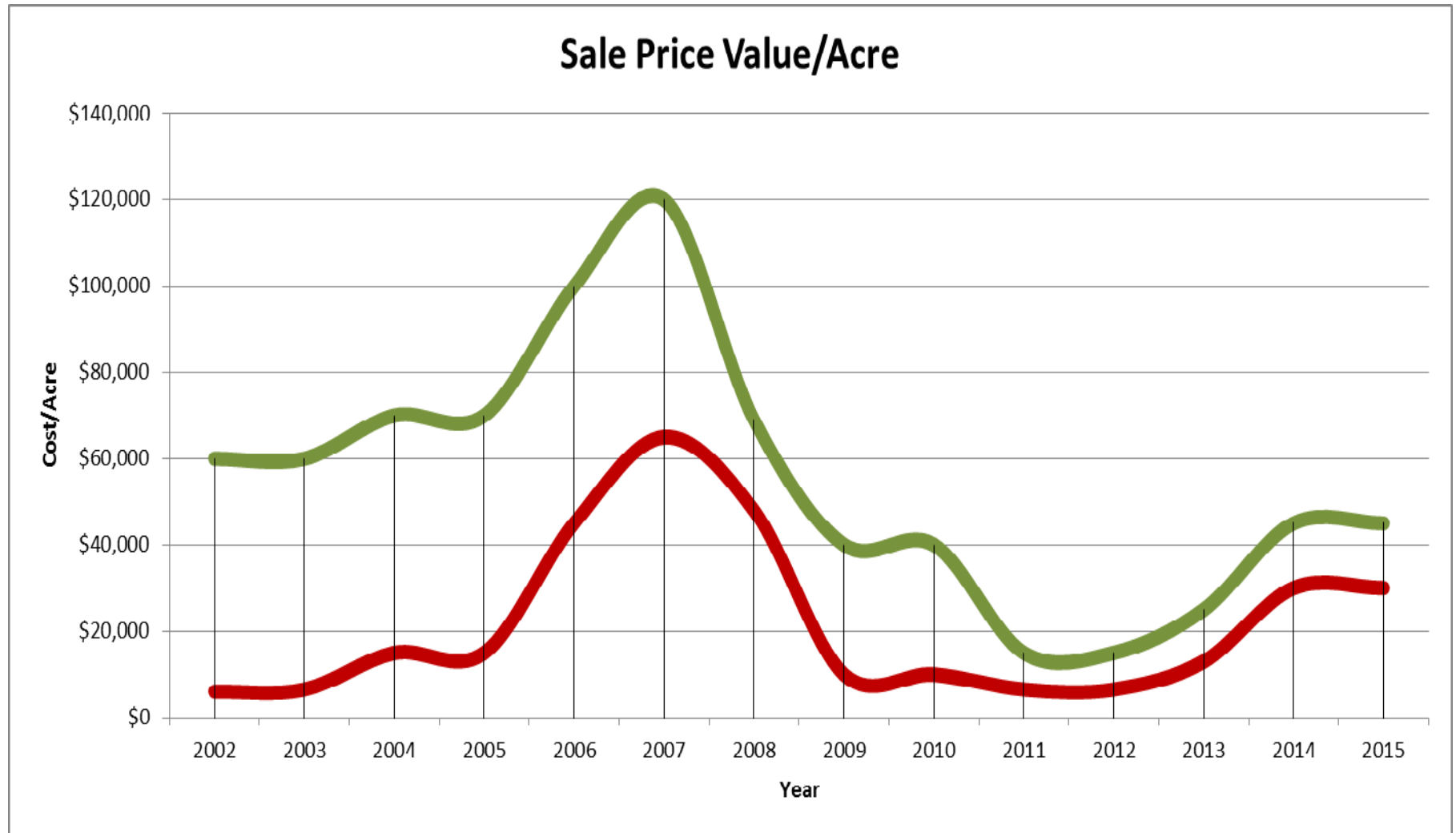
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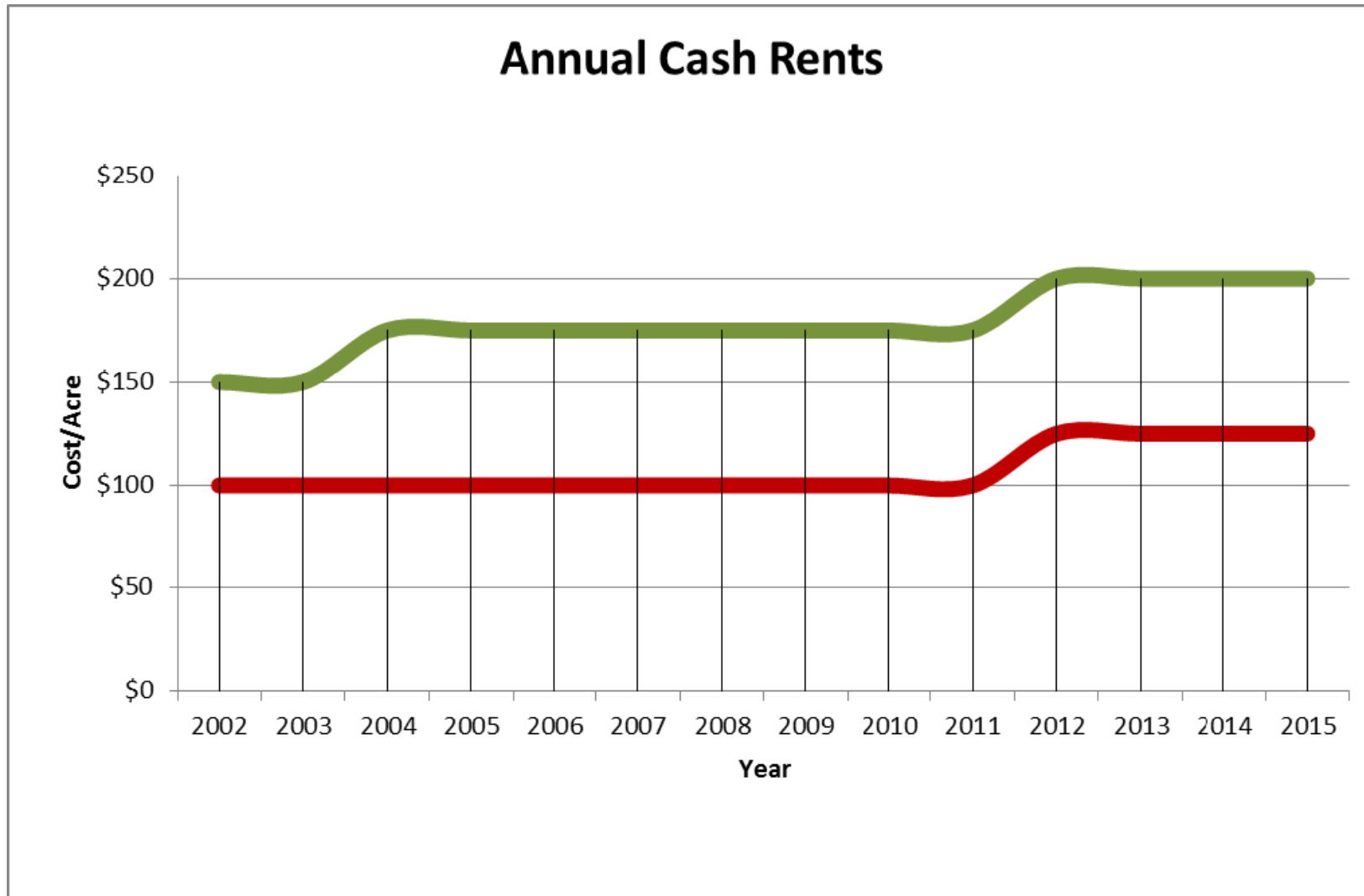
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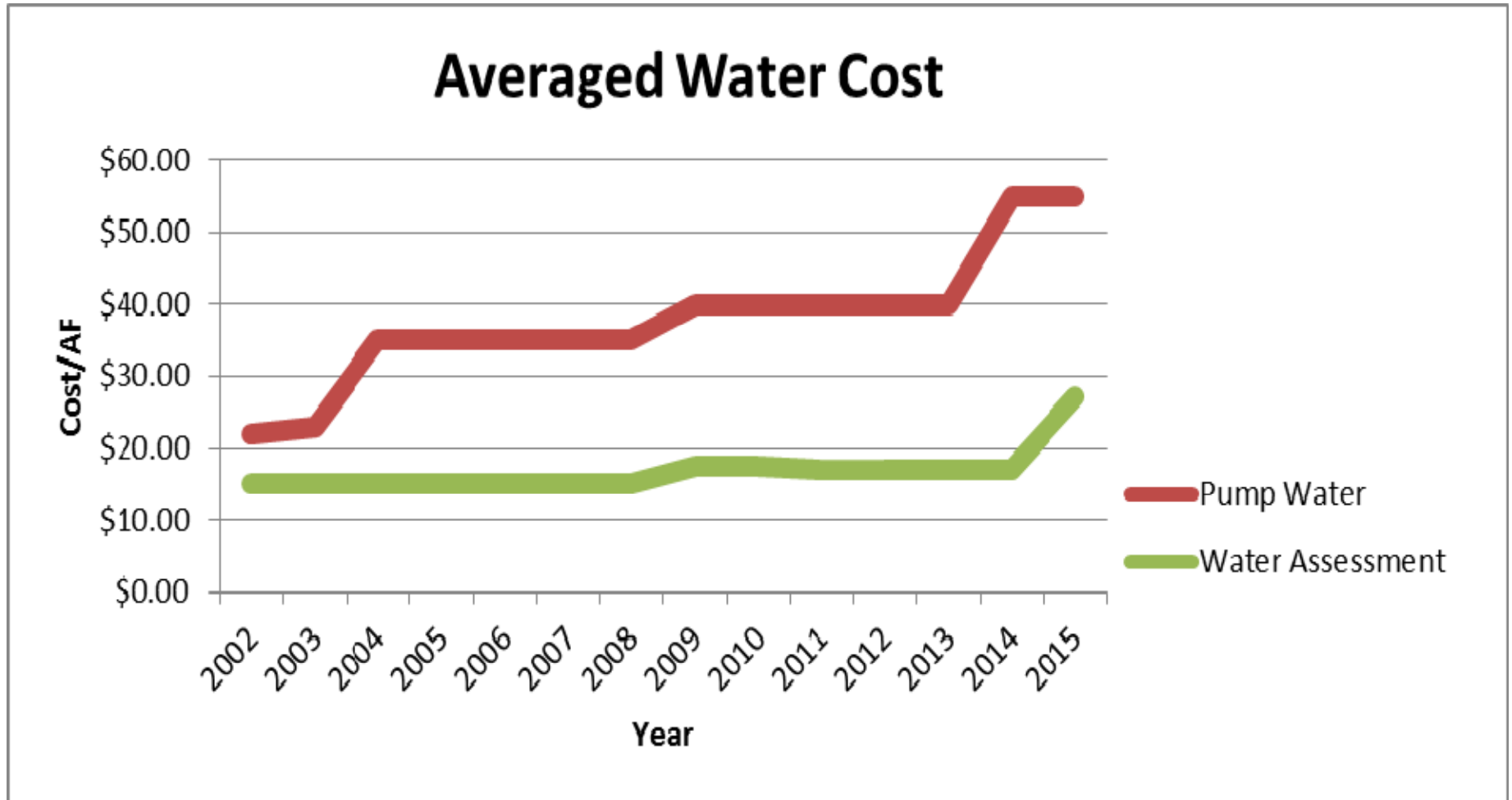
Roosevelt Irrigation District



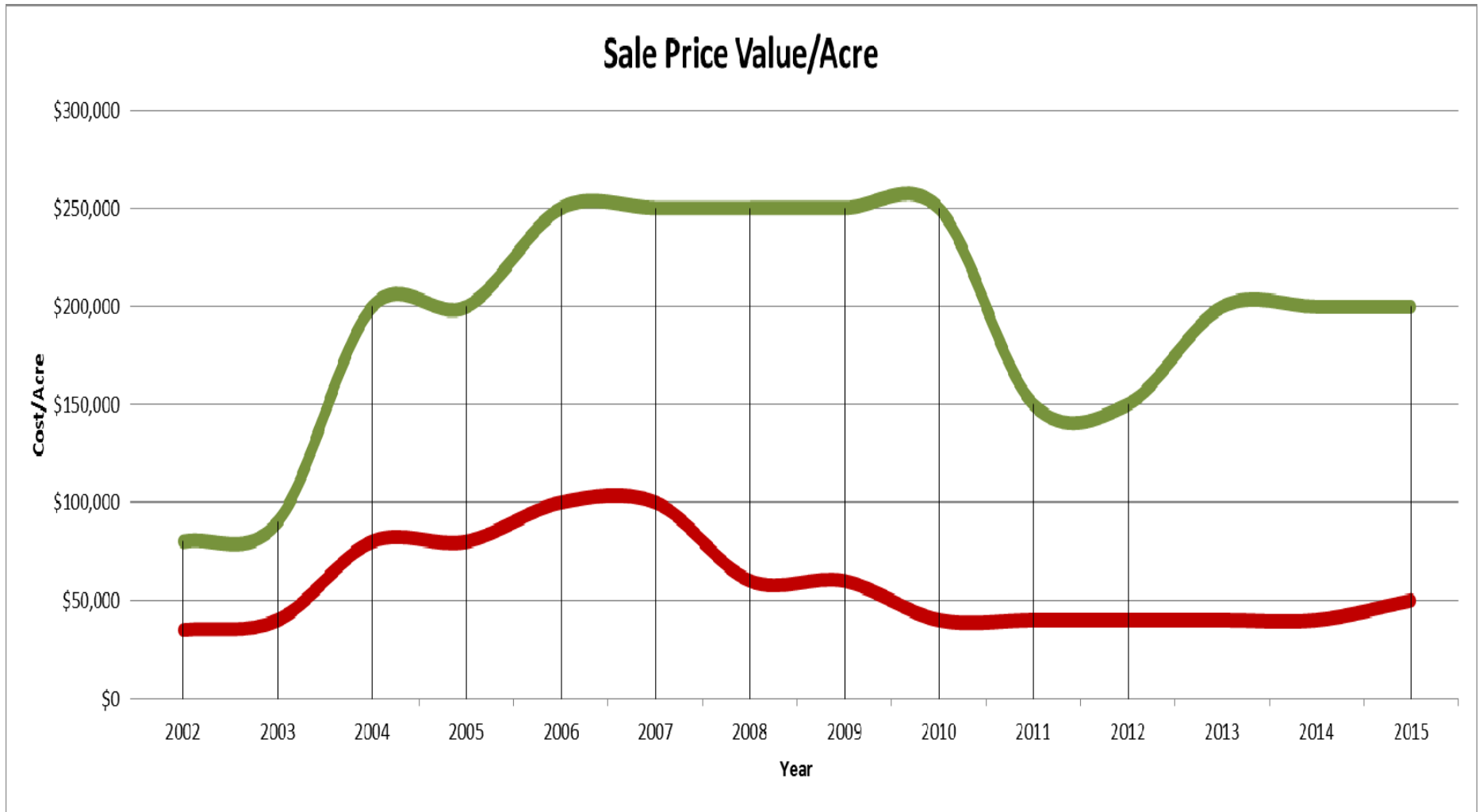
Roosevelt Irrigation District



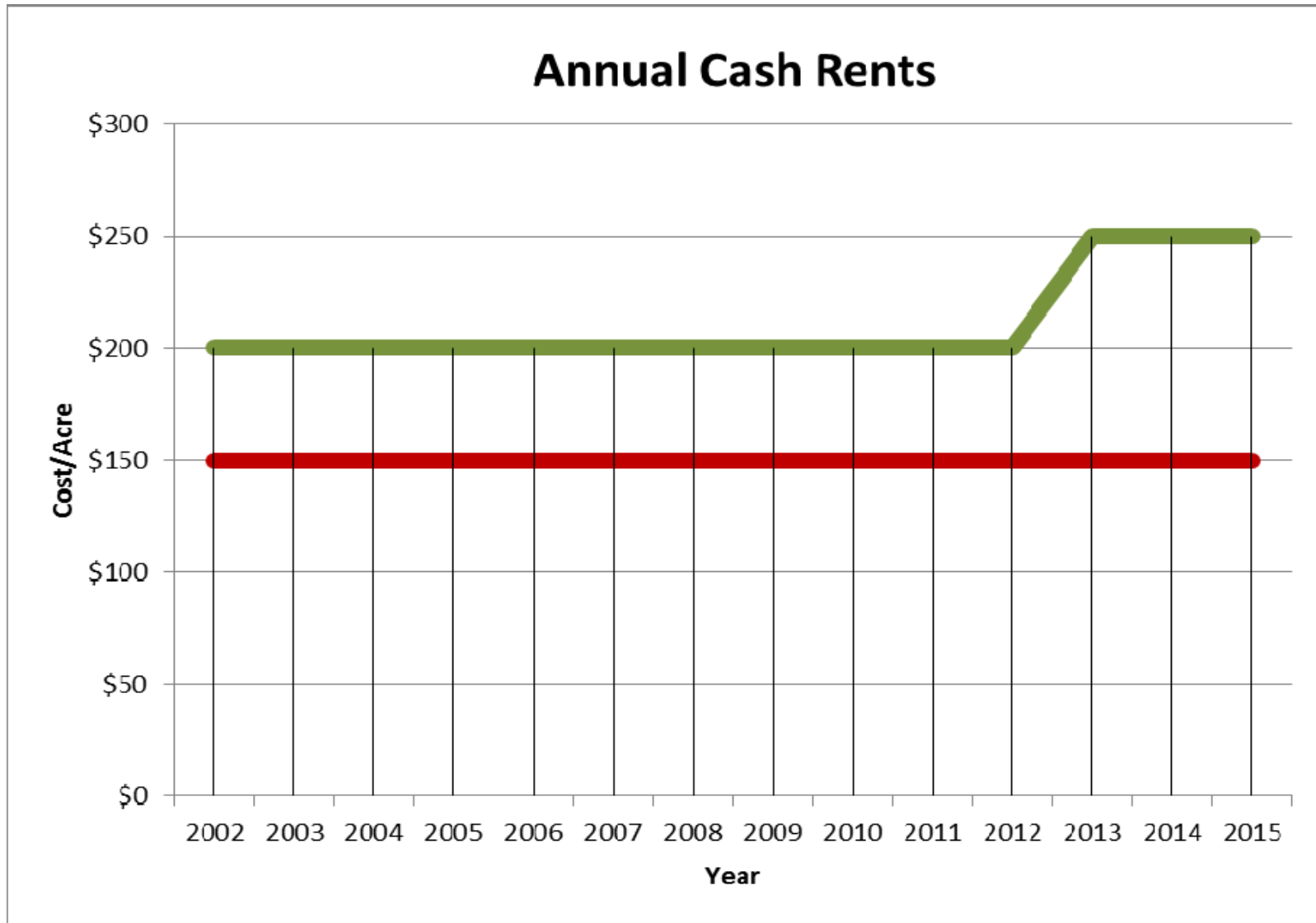
Roosevelt Irrigation District



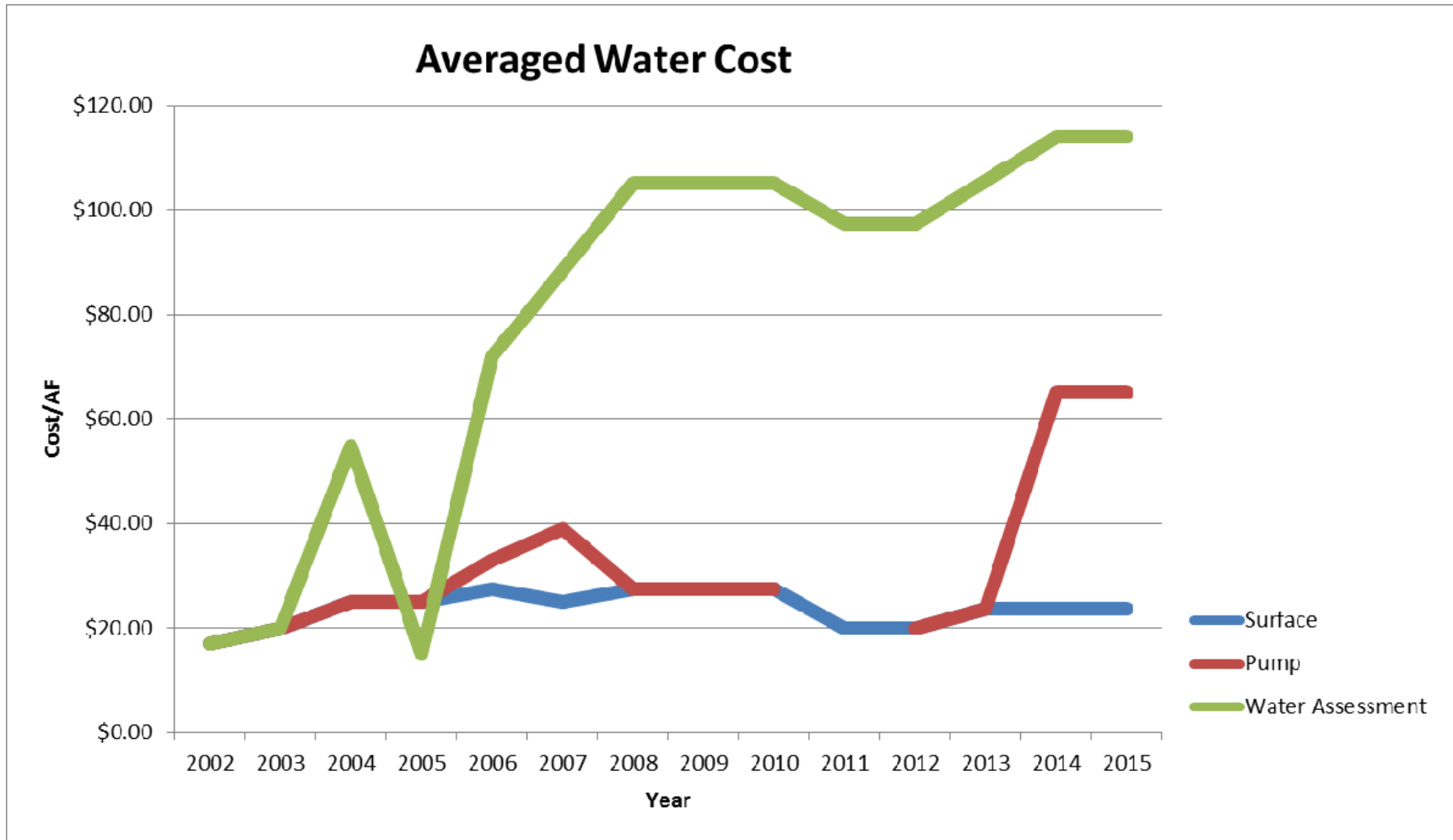
Roosevelt Water Conservation District



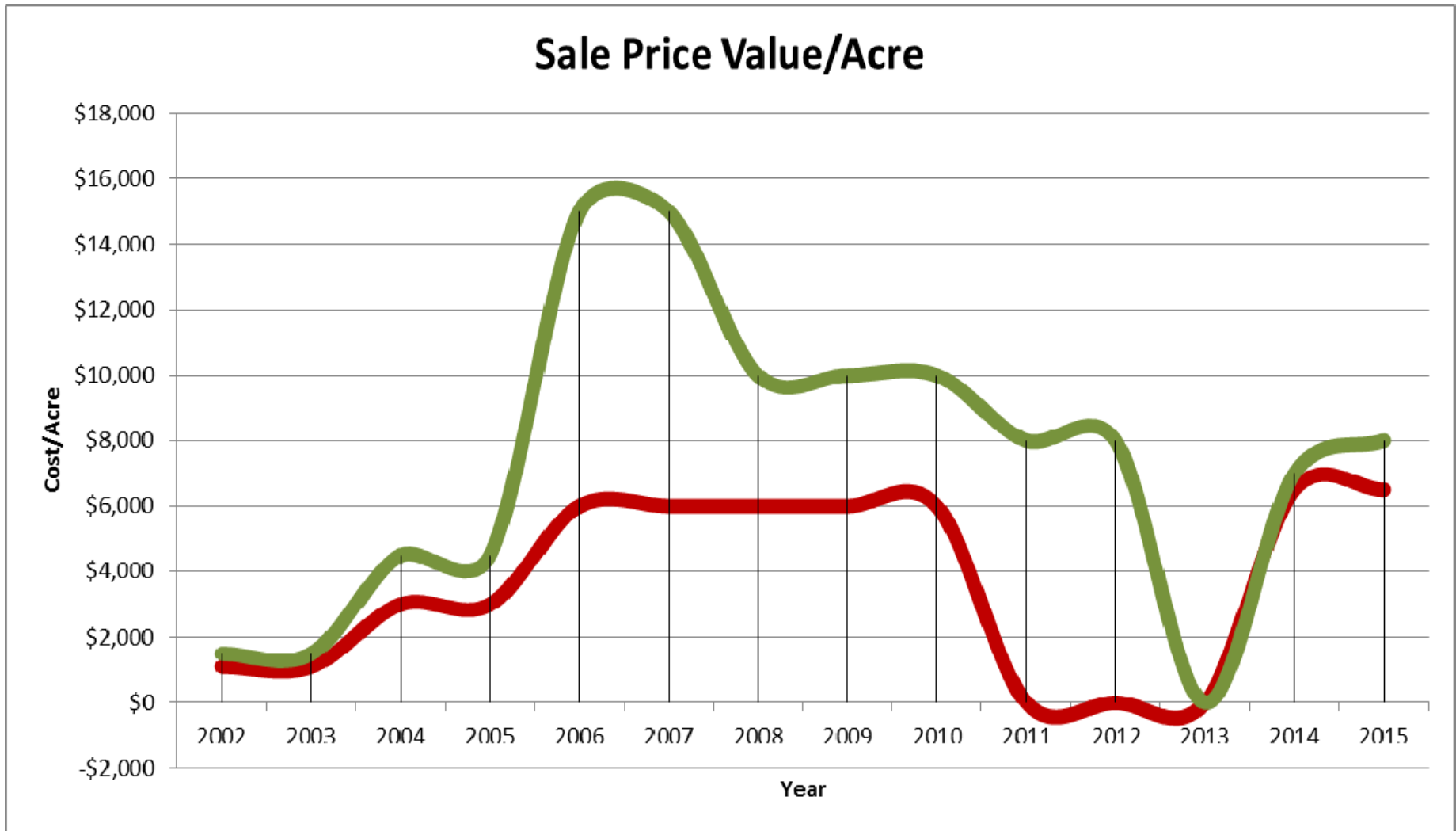
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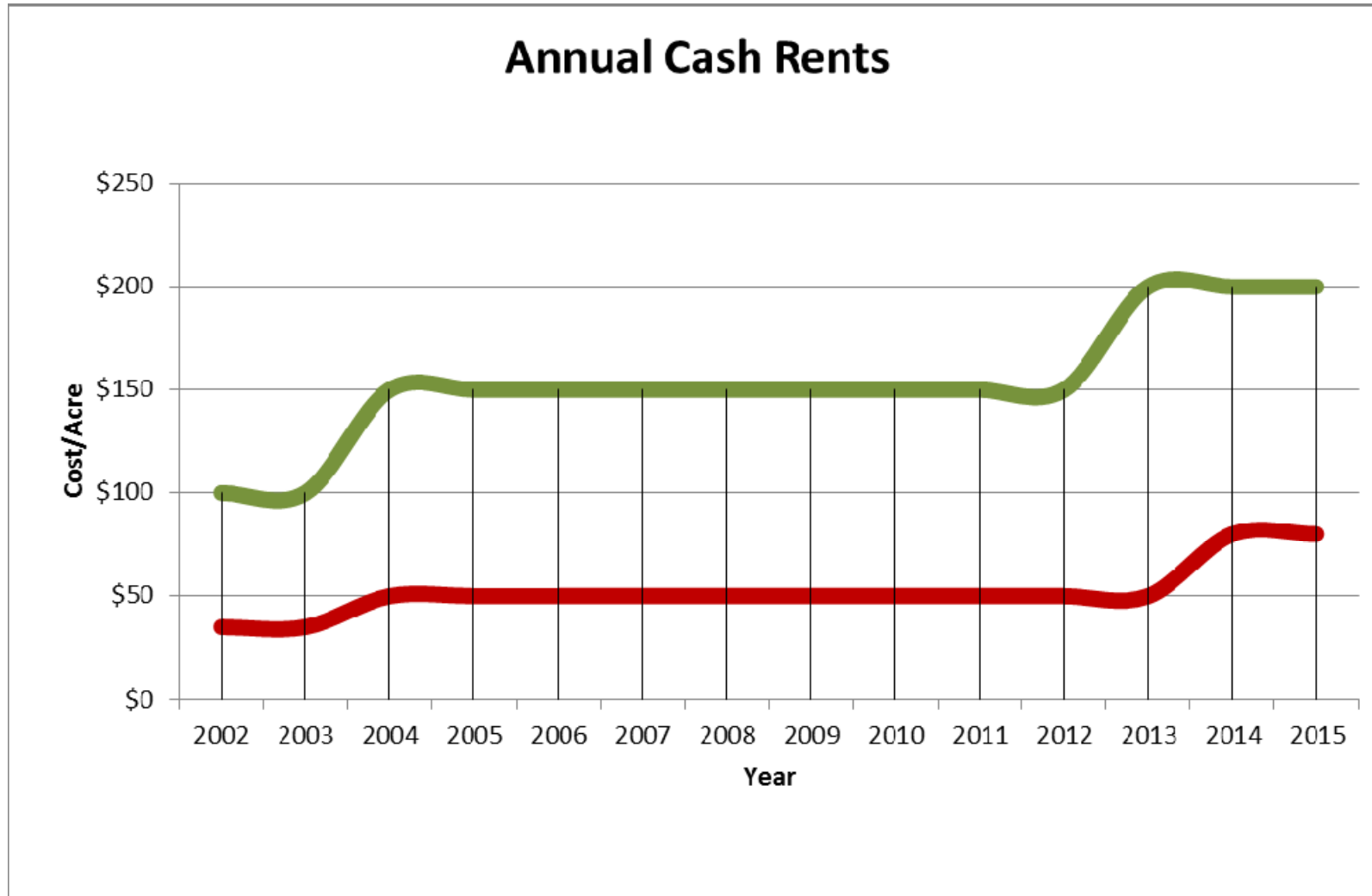
Roosevelt Water Conservation District



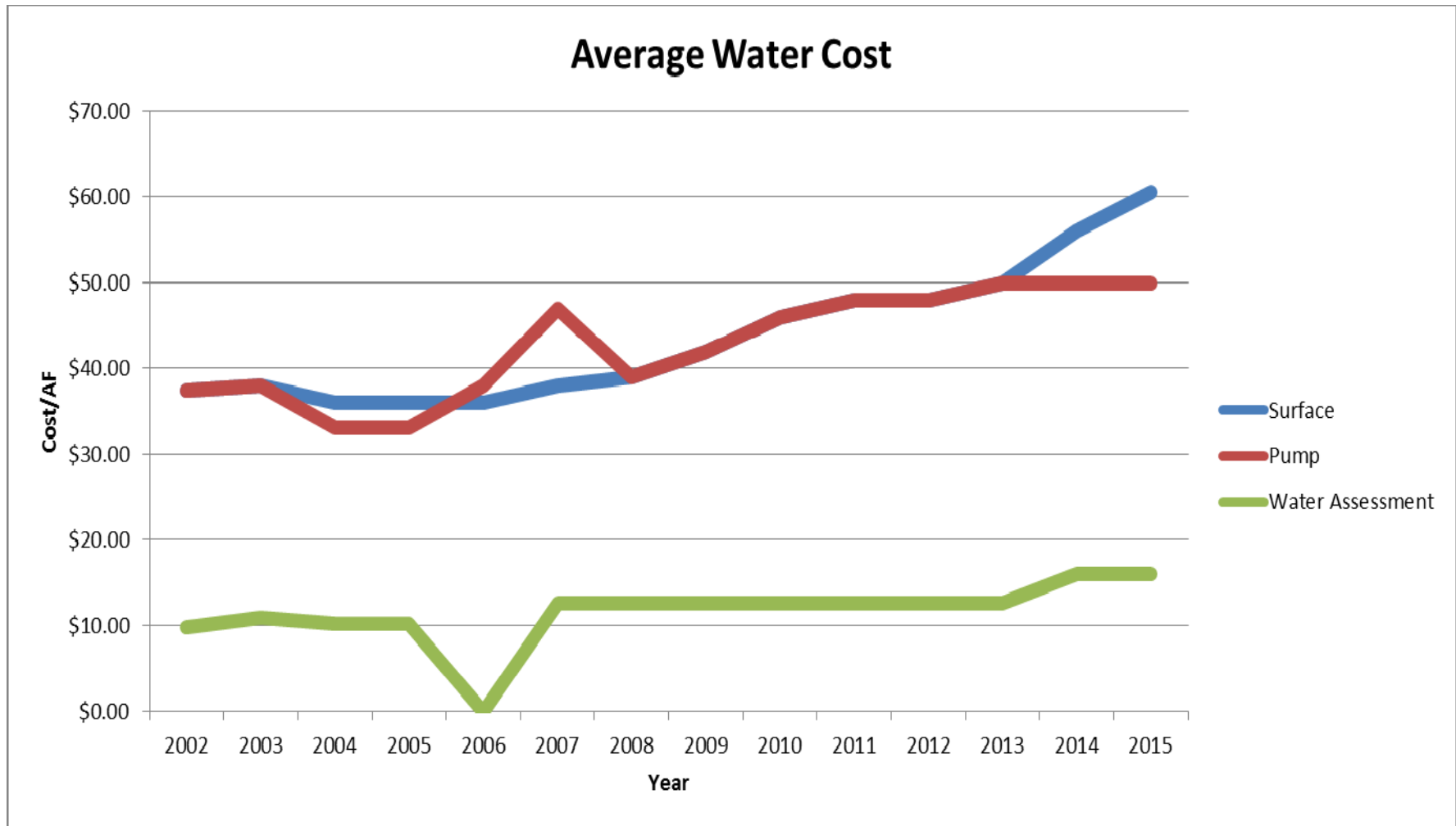
Harquahala Valley Irrigation District



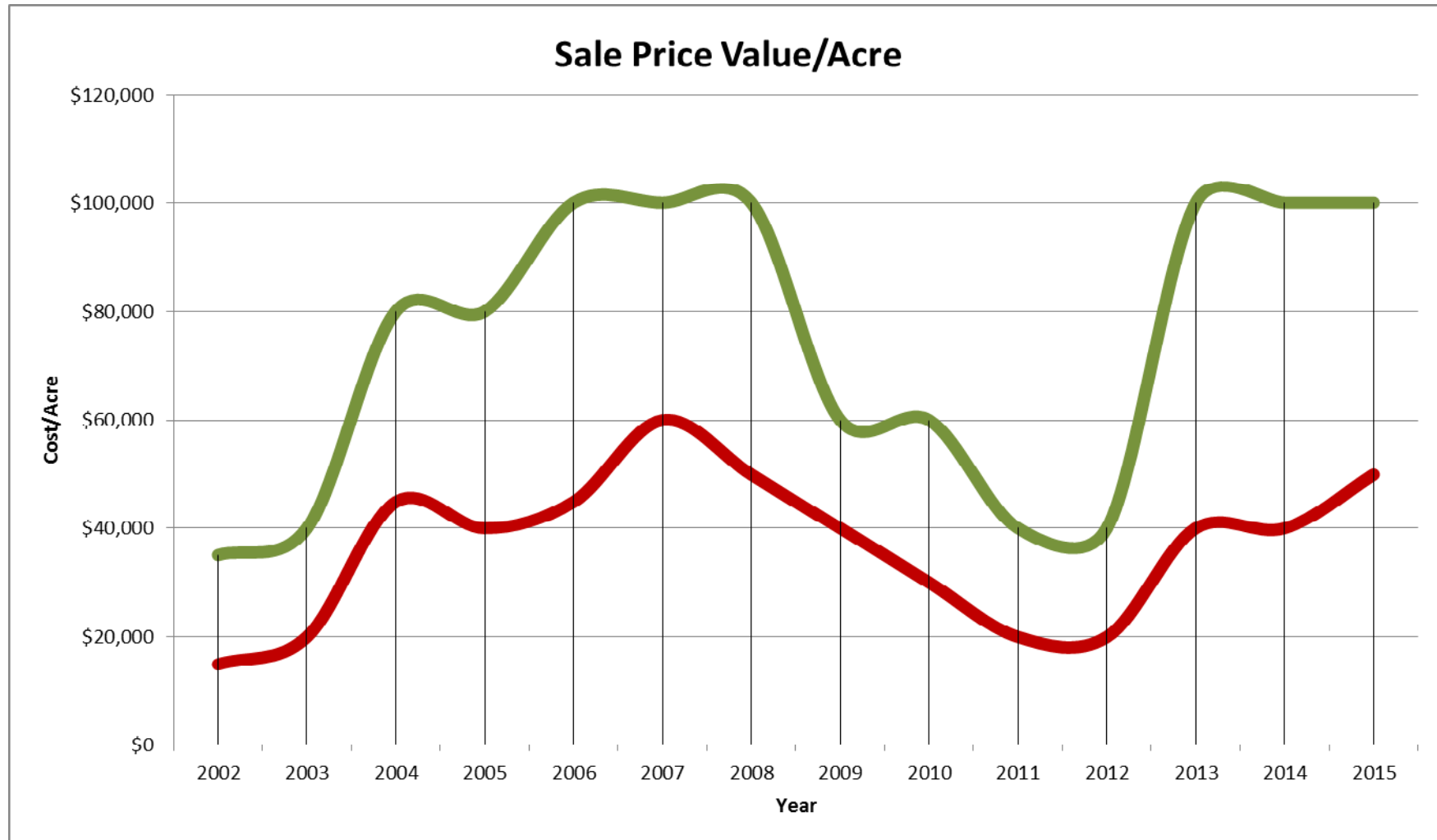
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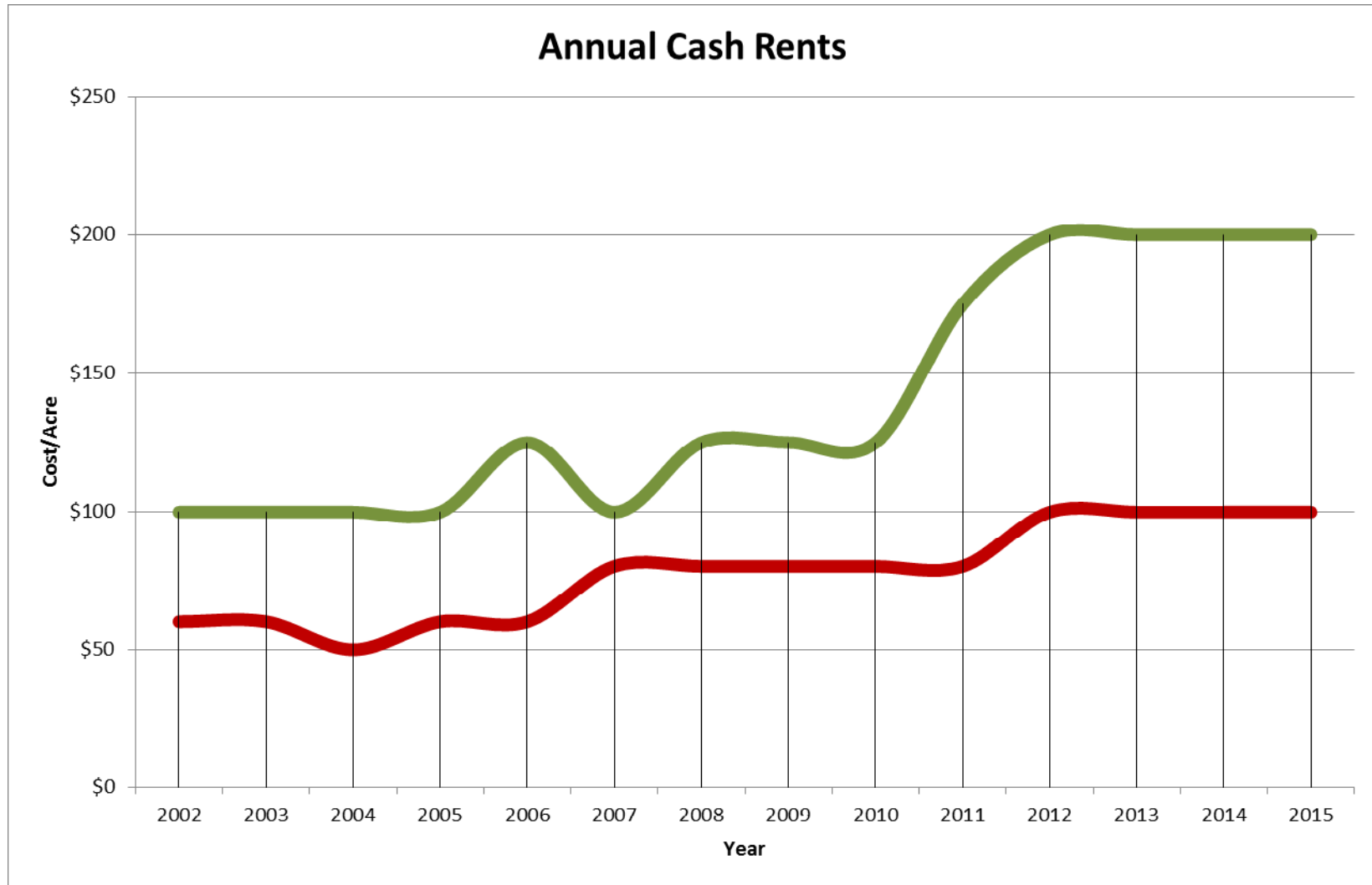
Harquahala Valley Irrigation District



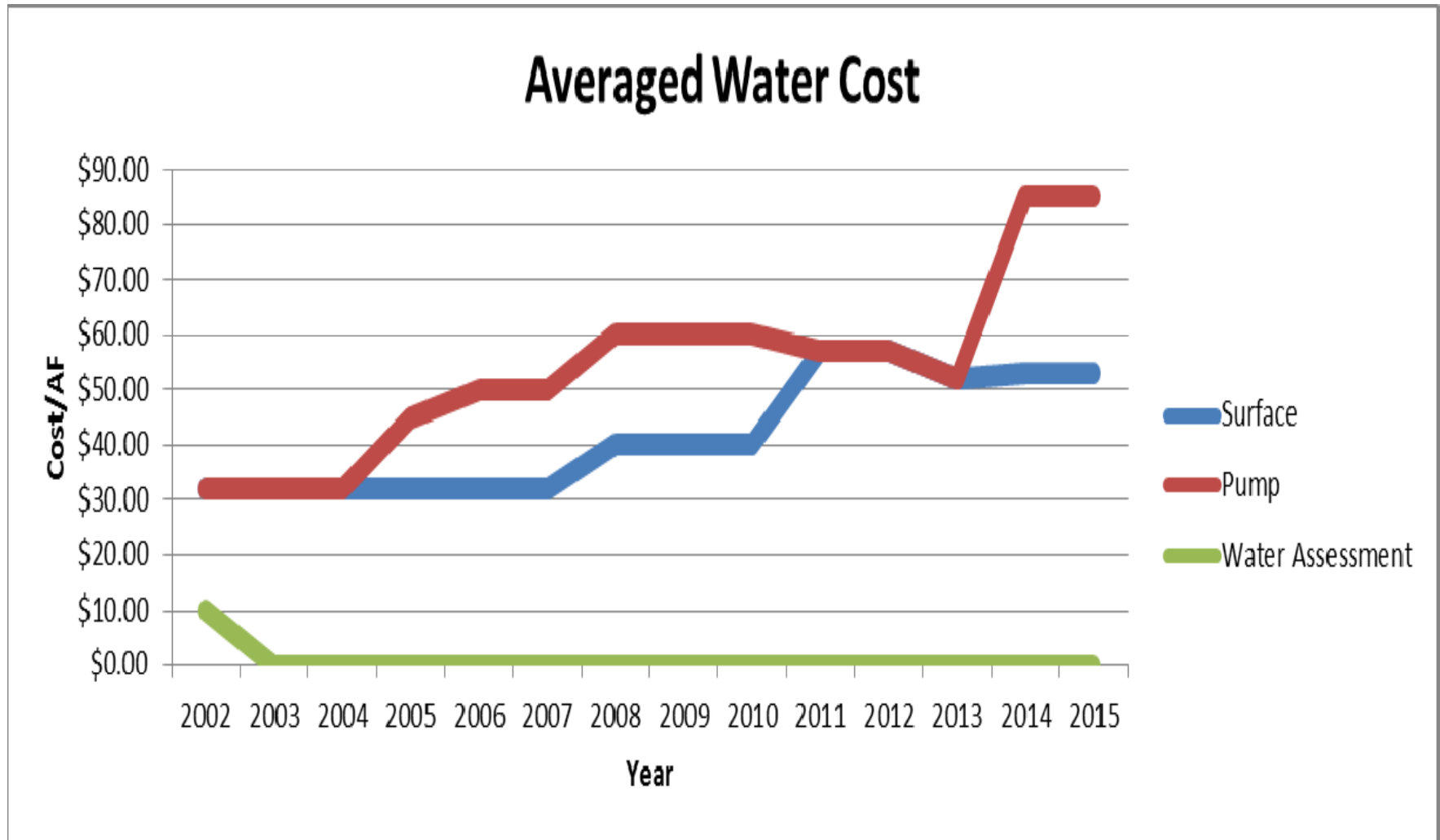
Queen Creek Irrigation District



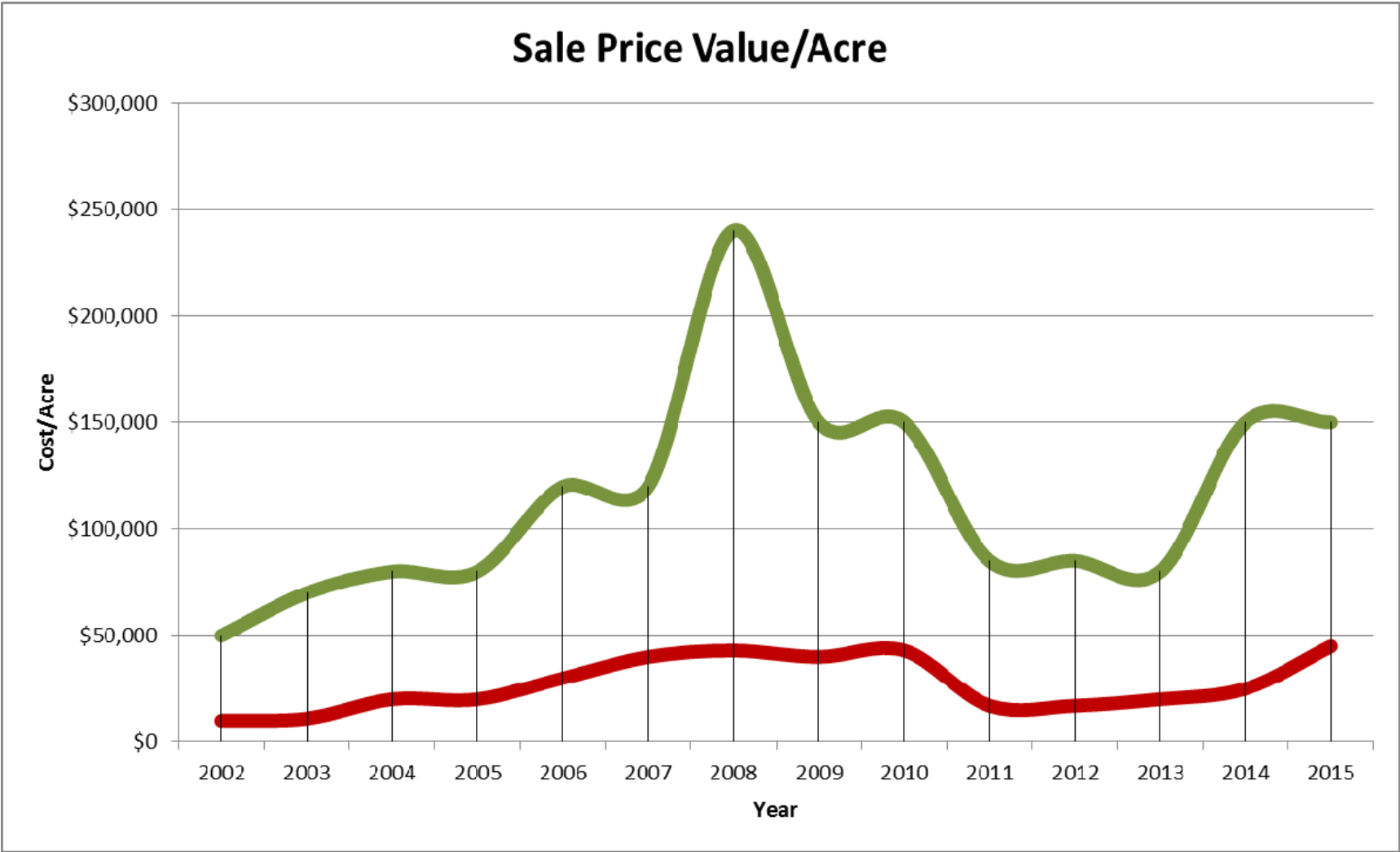
Queen Creek Irrigation District



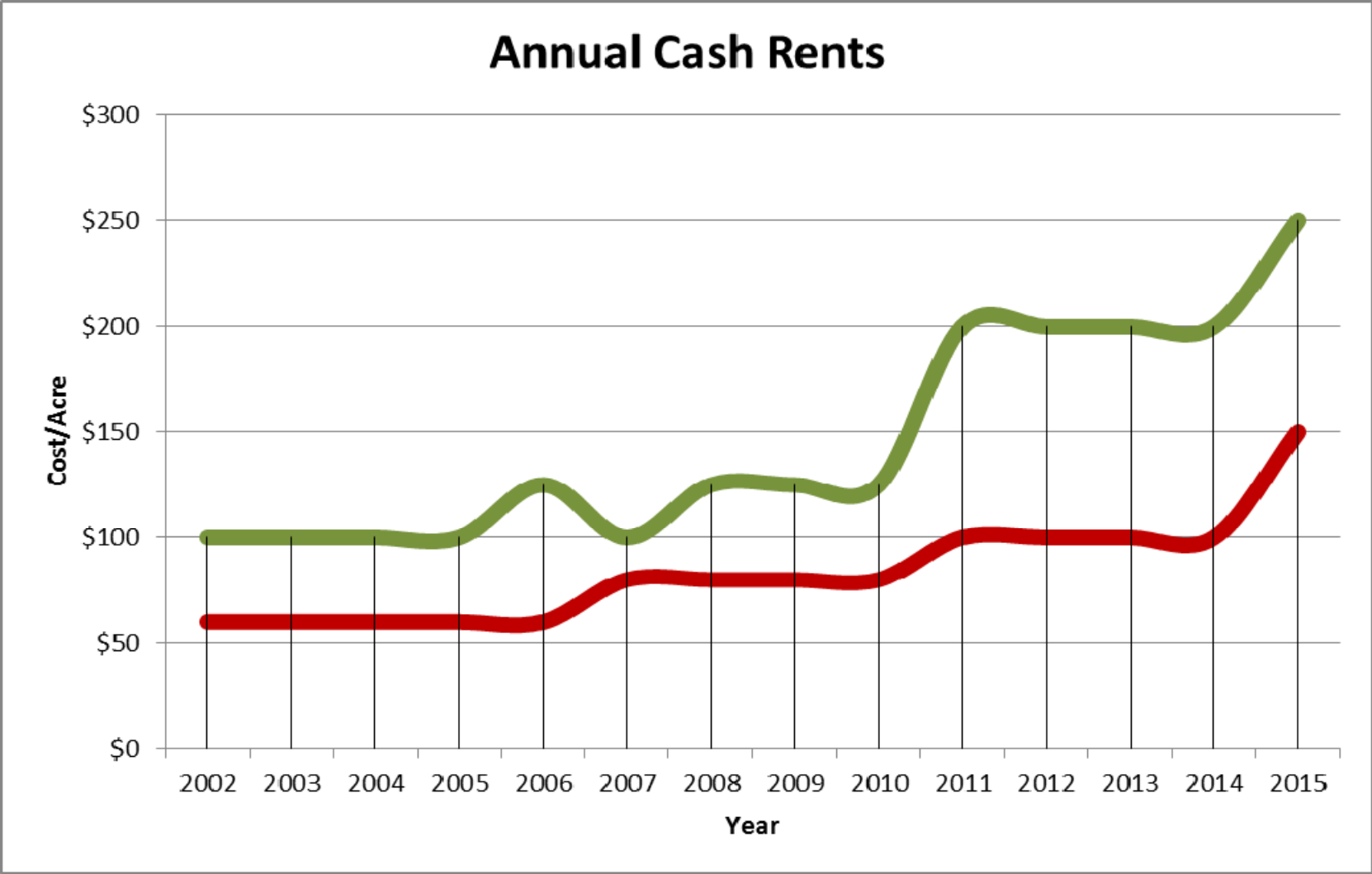
Queen Creek Irrigation District



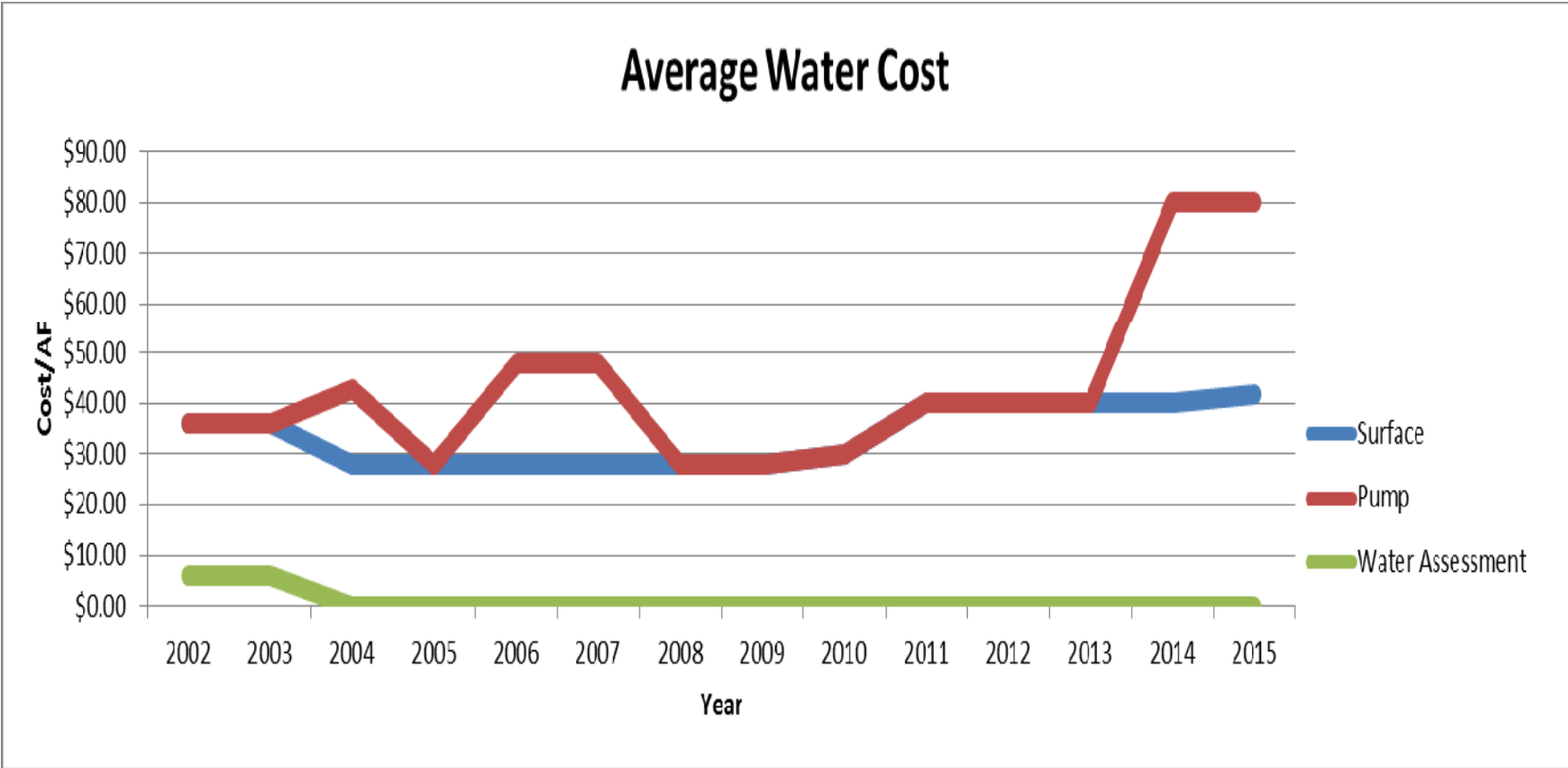
Maricopa Water District (NW Valley Metro Fringe Area)



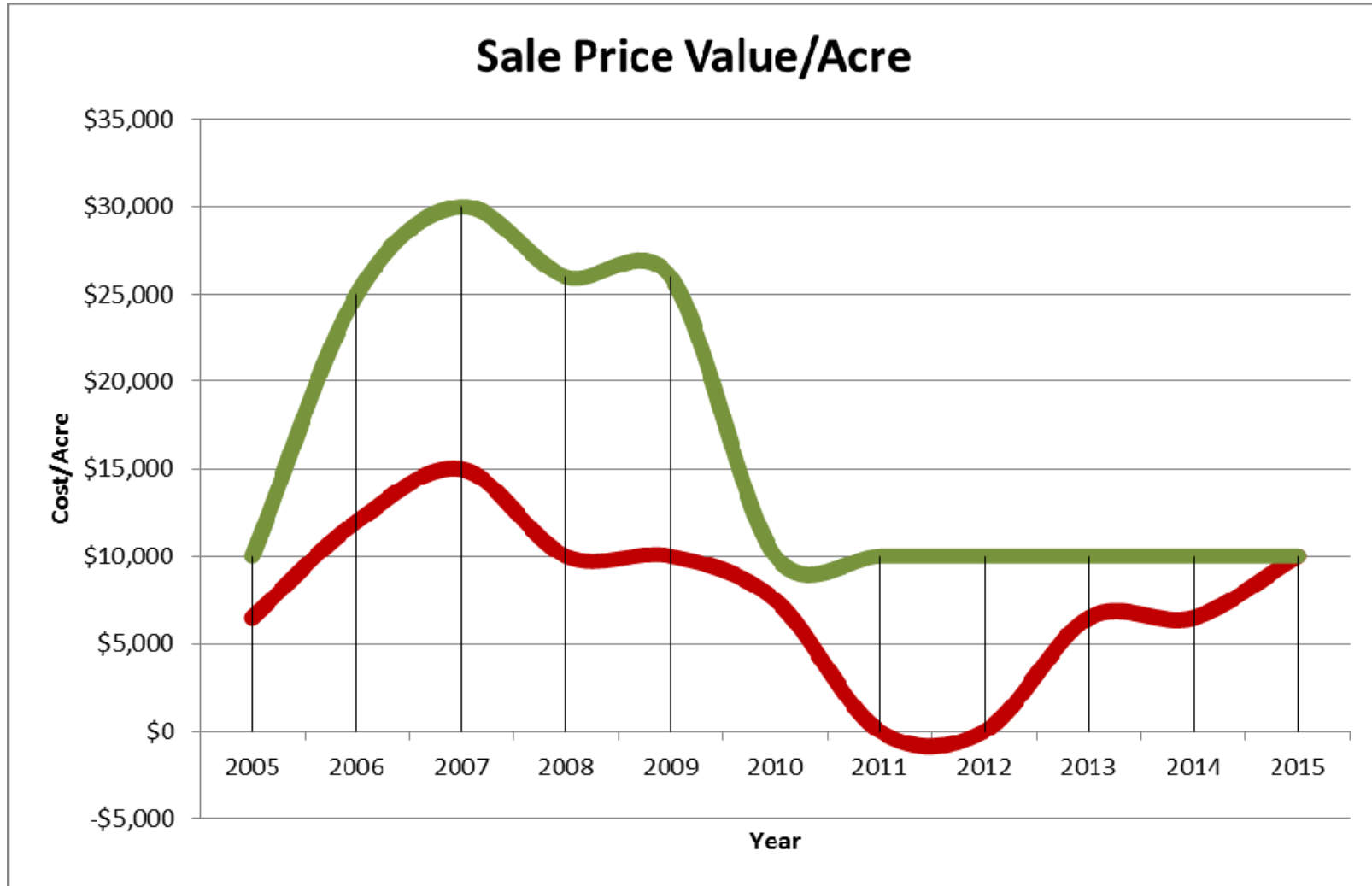
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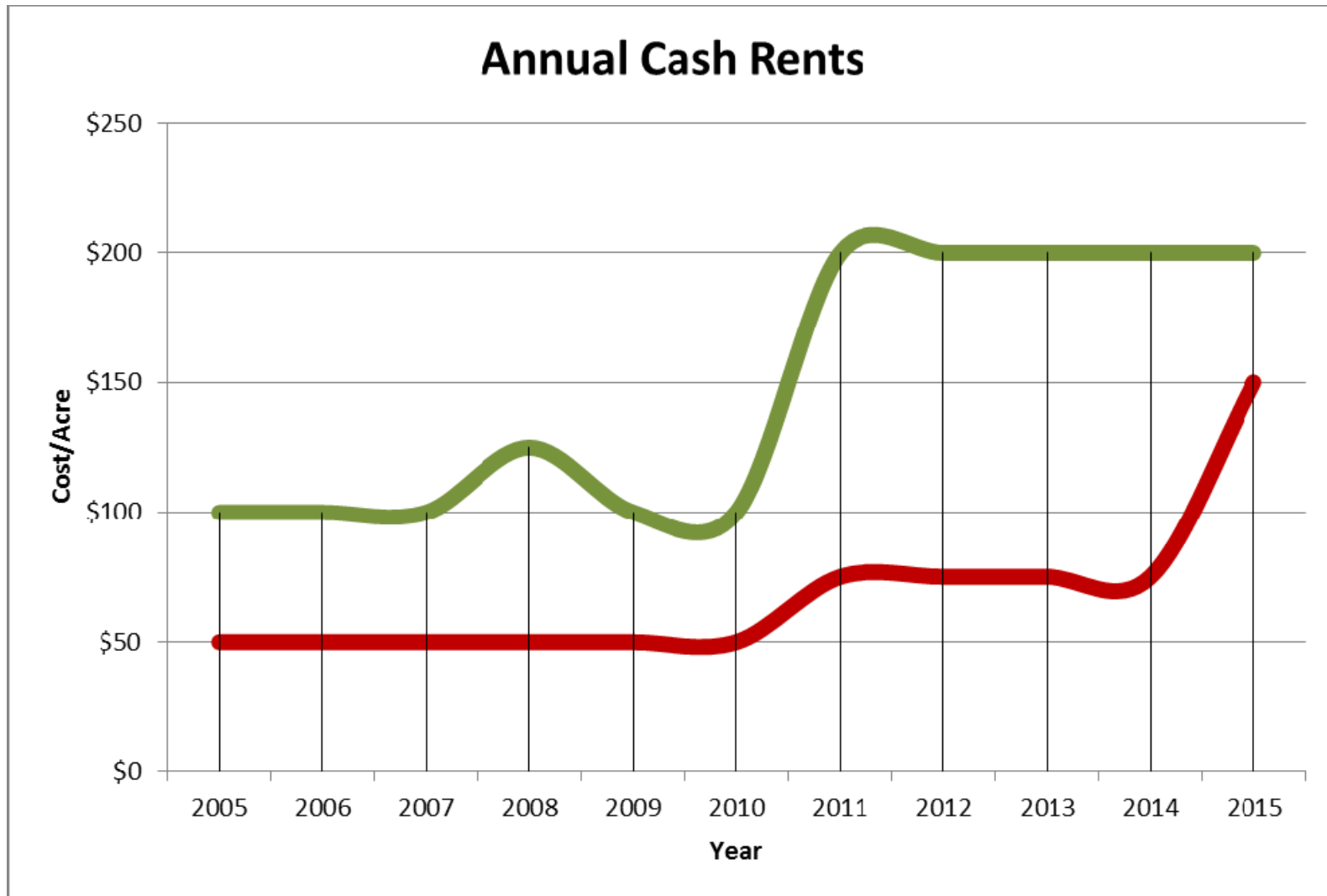
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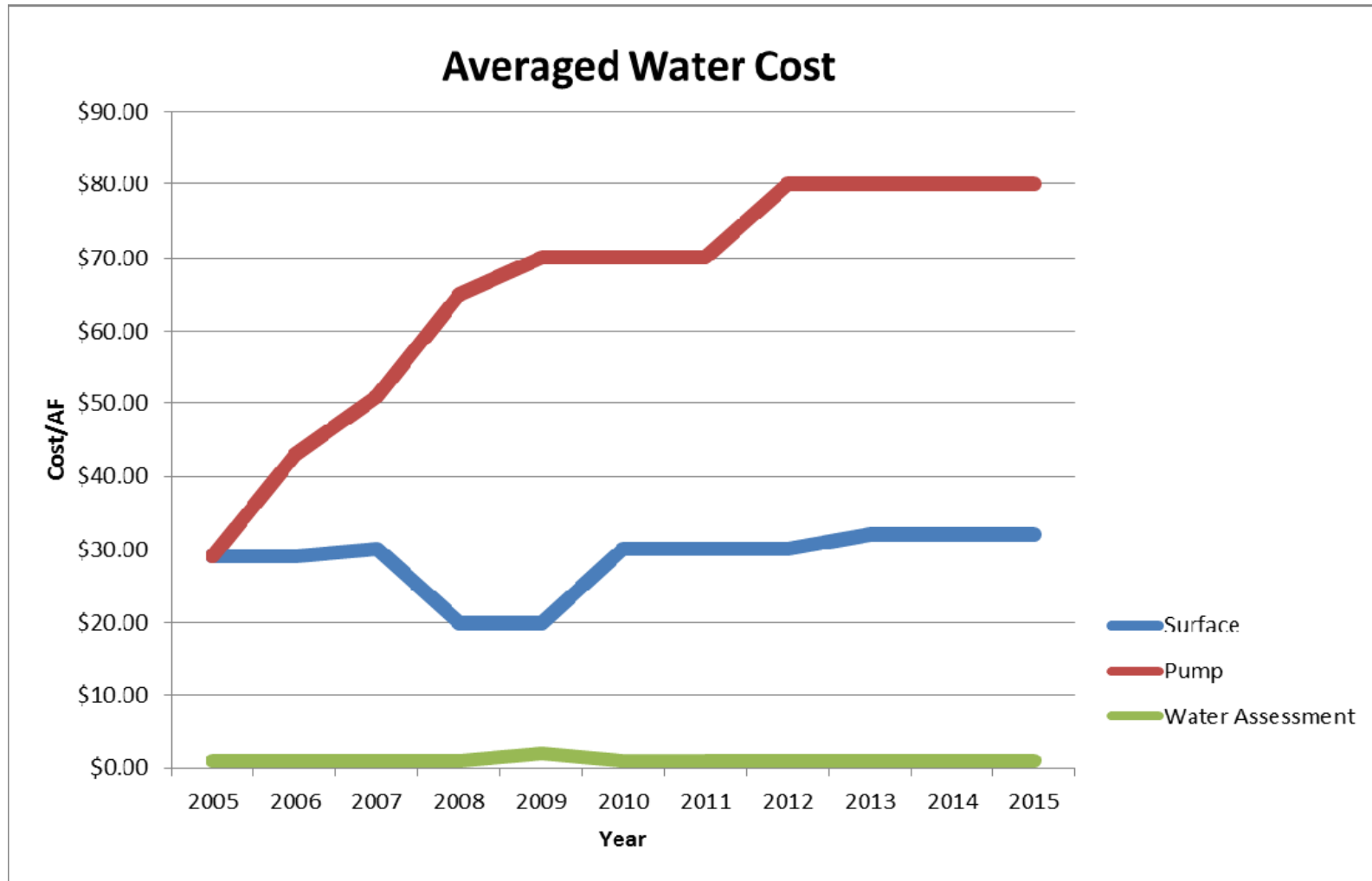
Tonopah Irrigation District



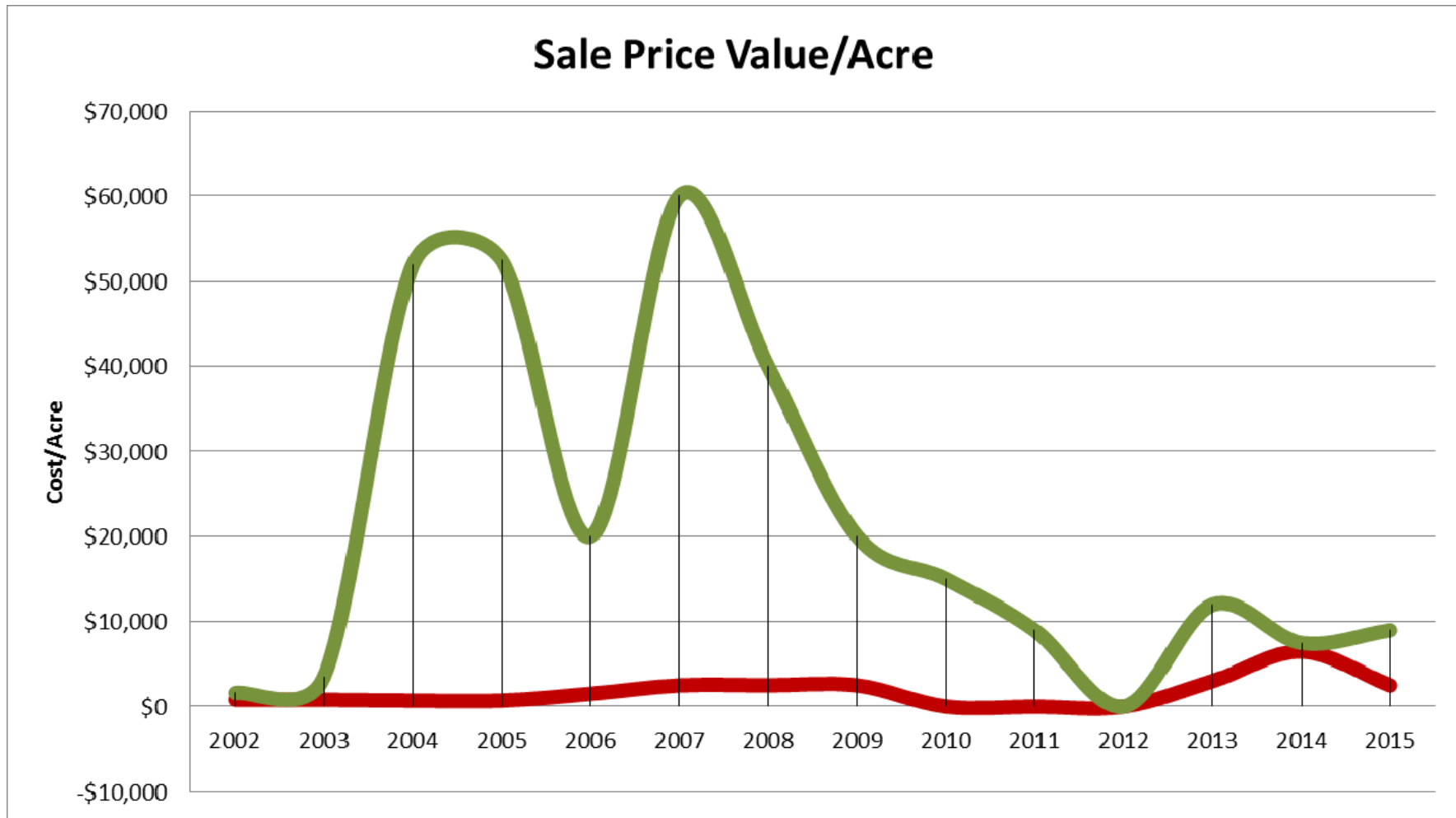
Tonopah Irrigation District



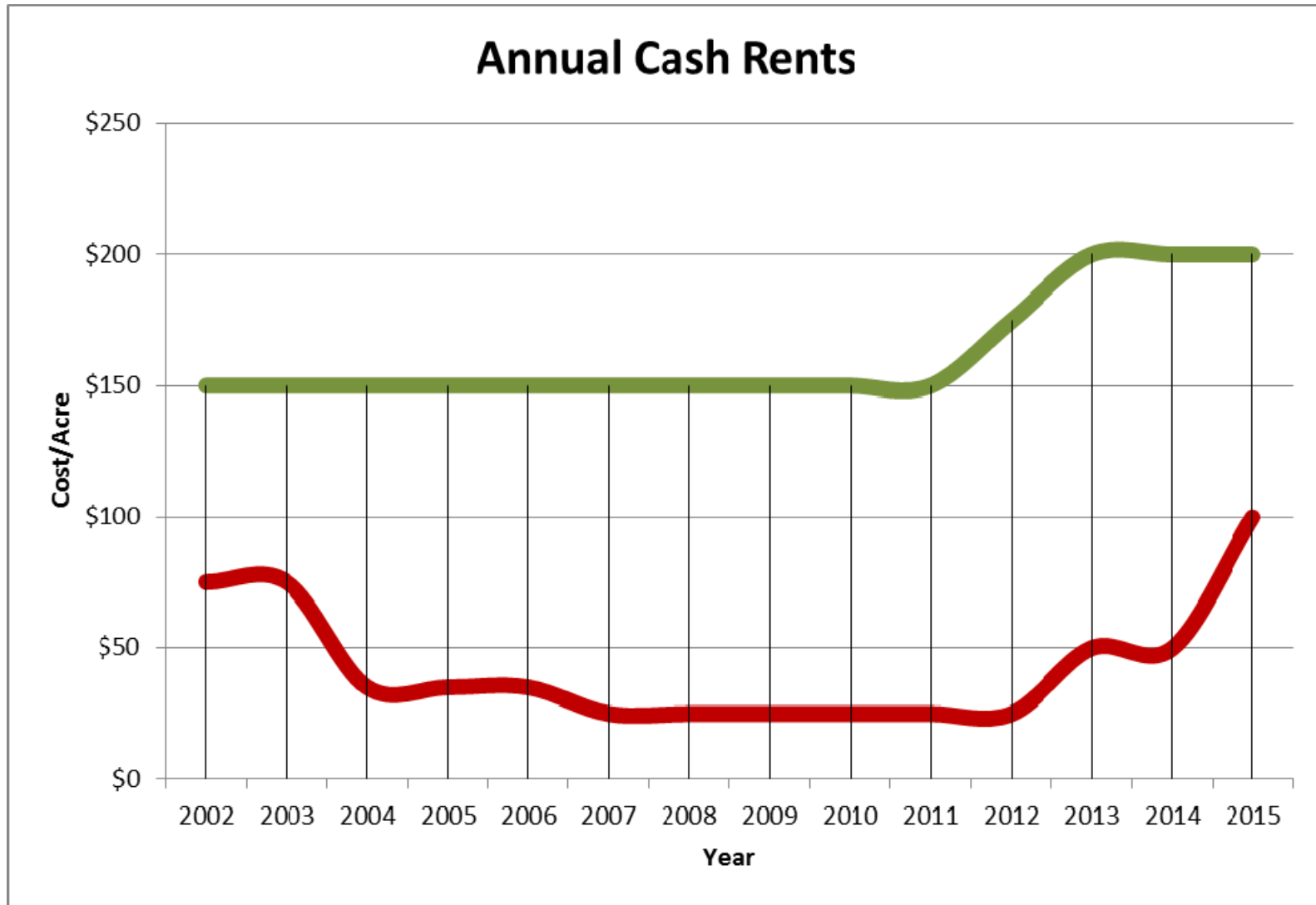
Tonopah Irrigation District



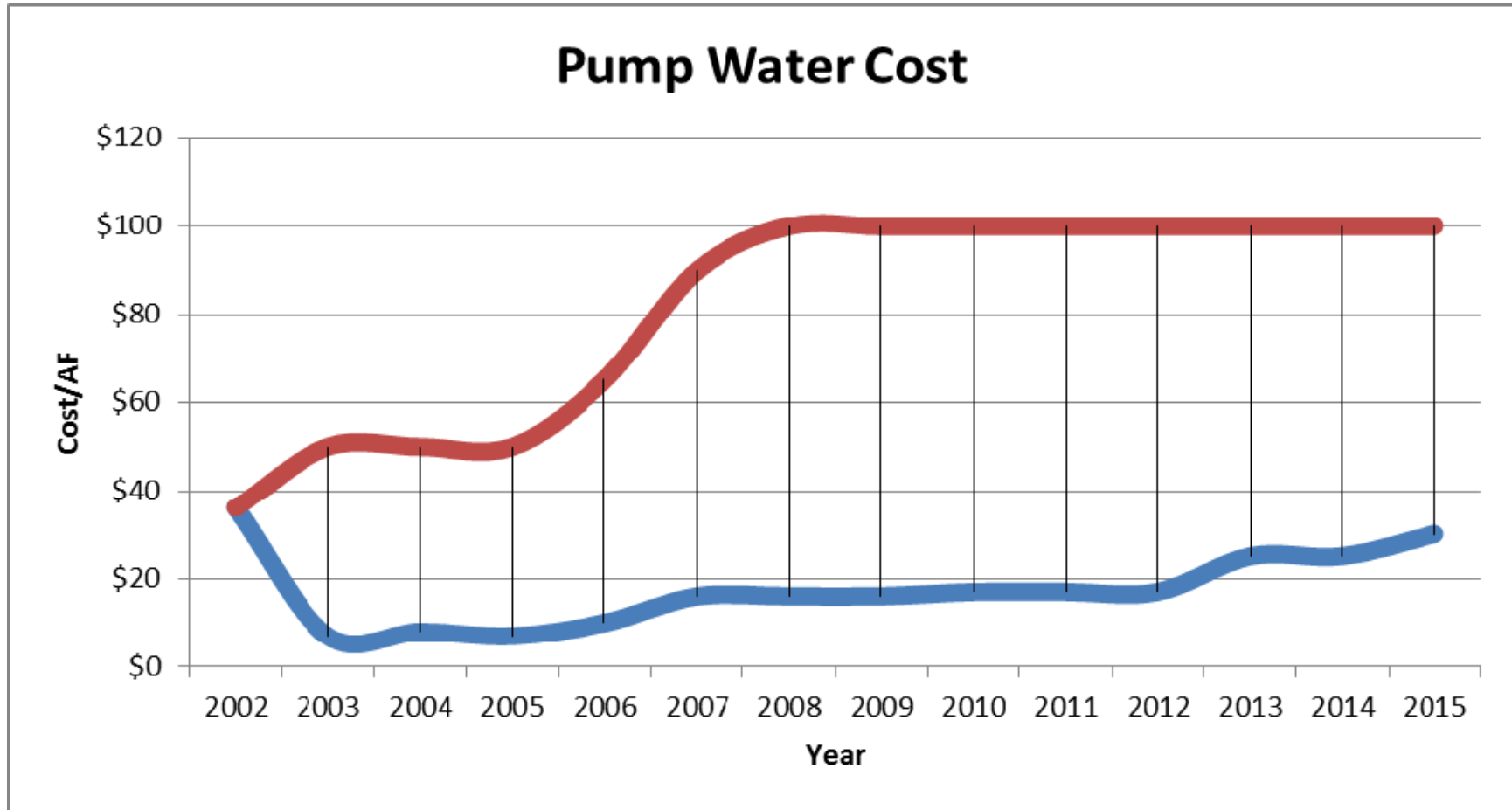
Desert Pump Farmland (Non-District, rural SW County)



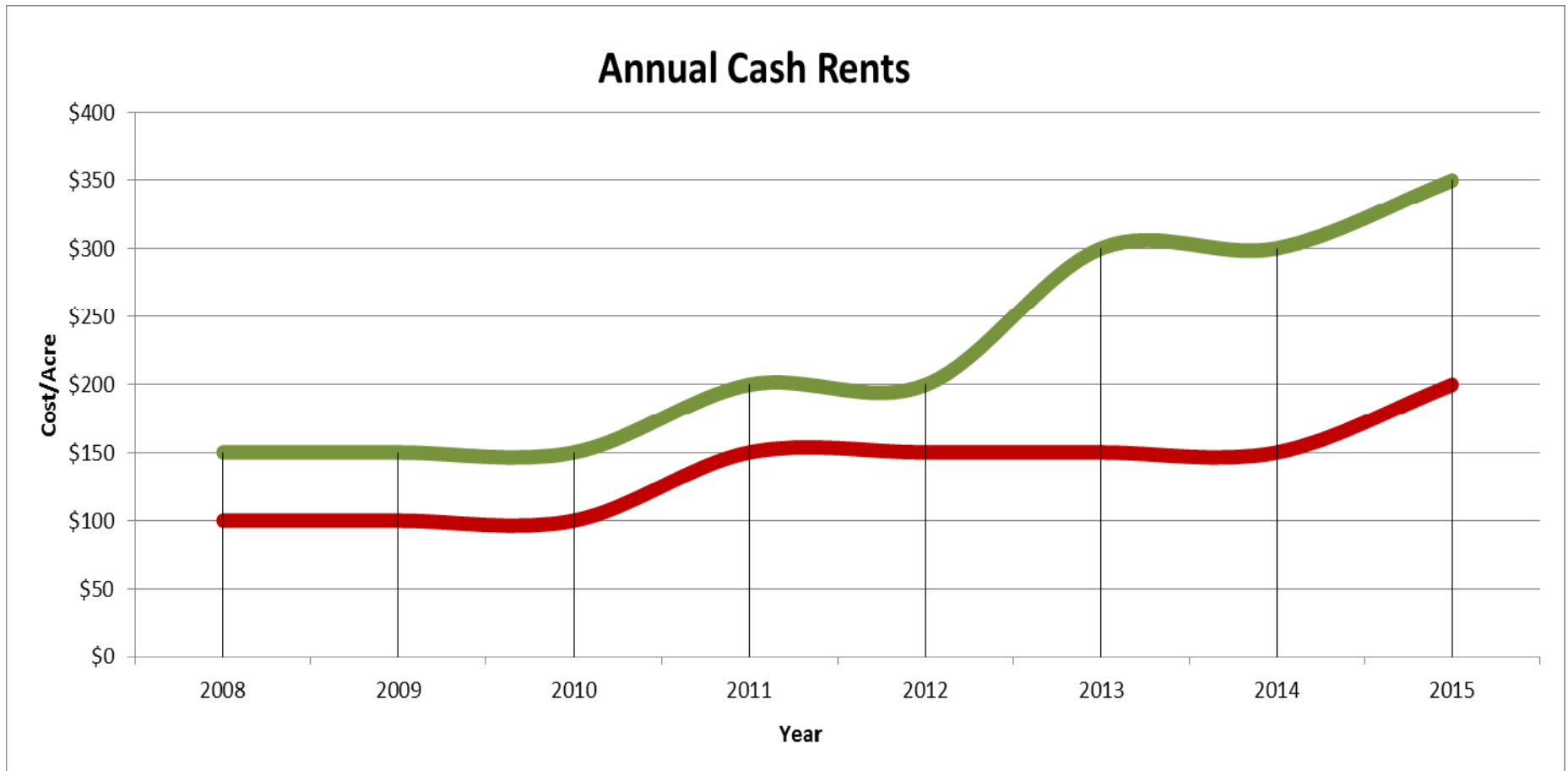
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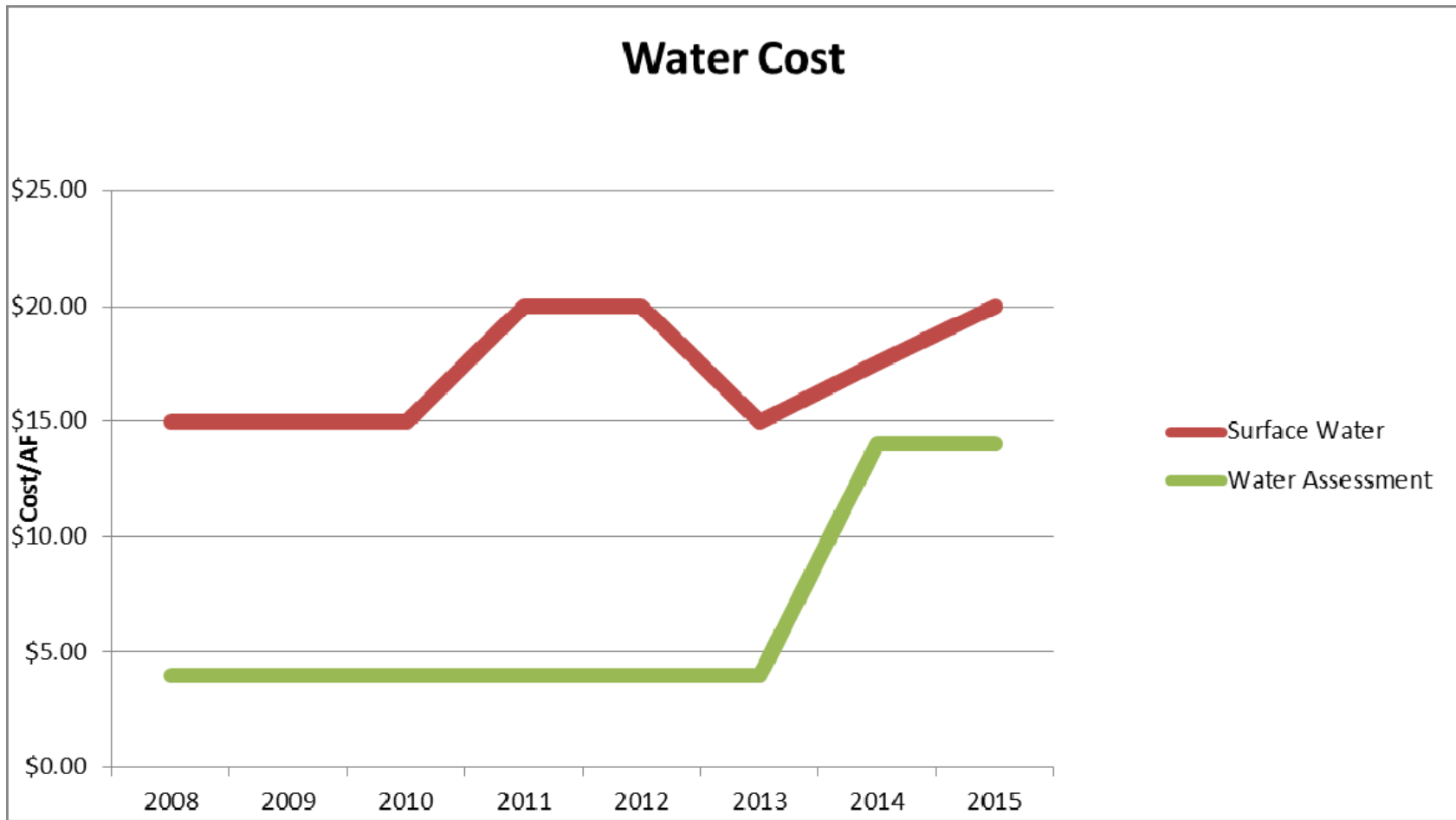
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Arlington Canal Company



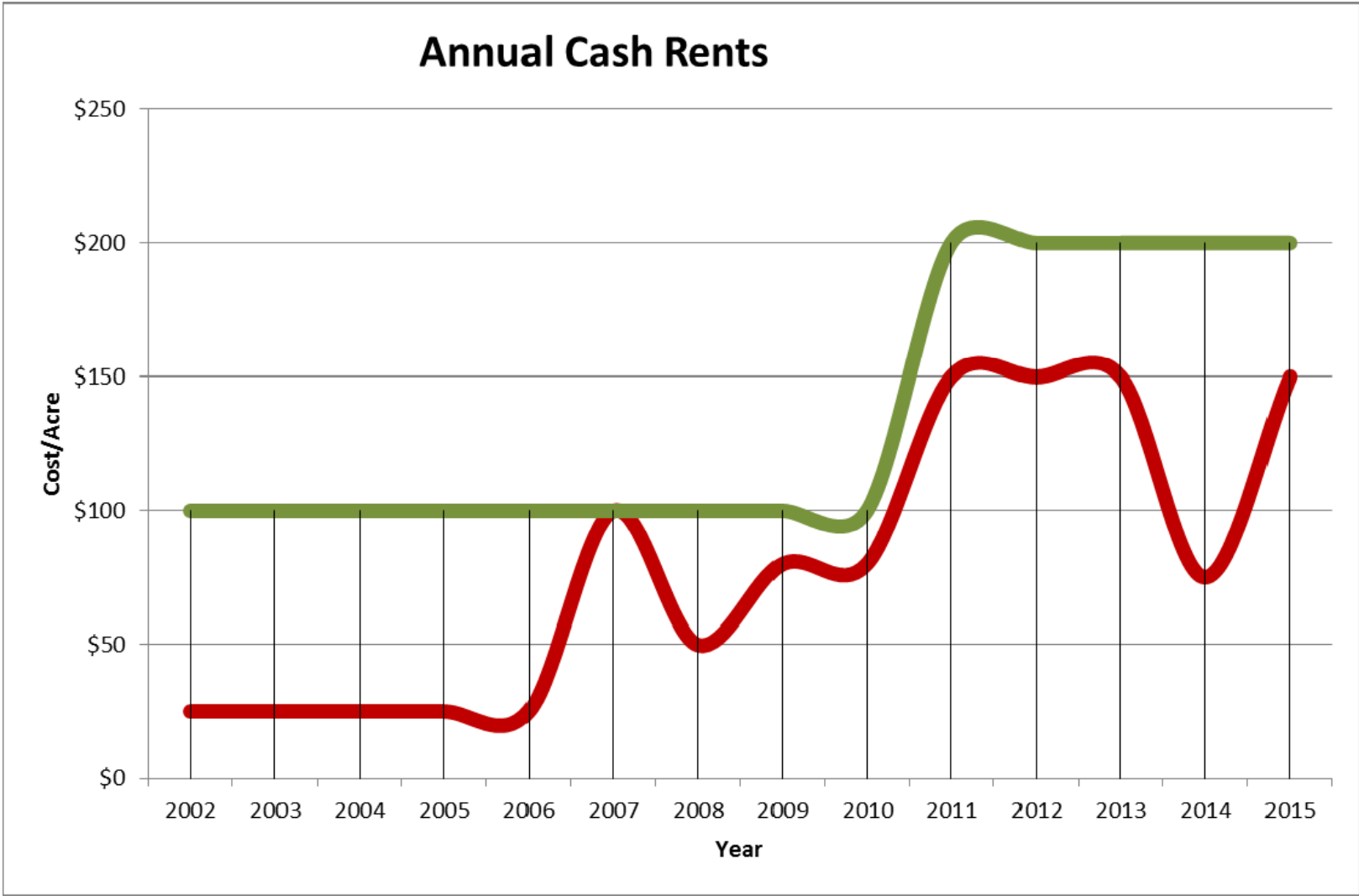
Arlington Canal Company



Paloma Irrigation and Drainage District



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