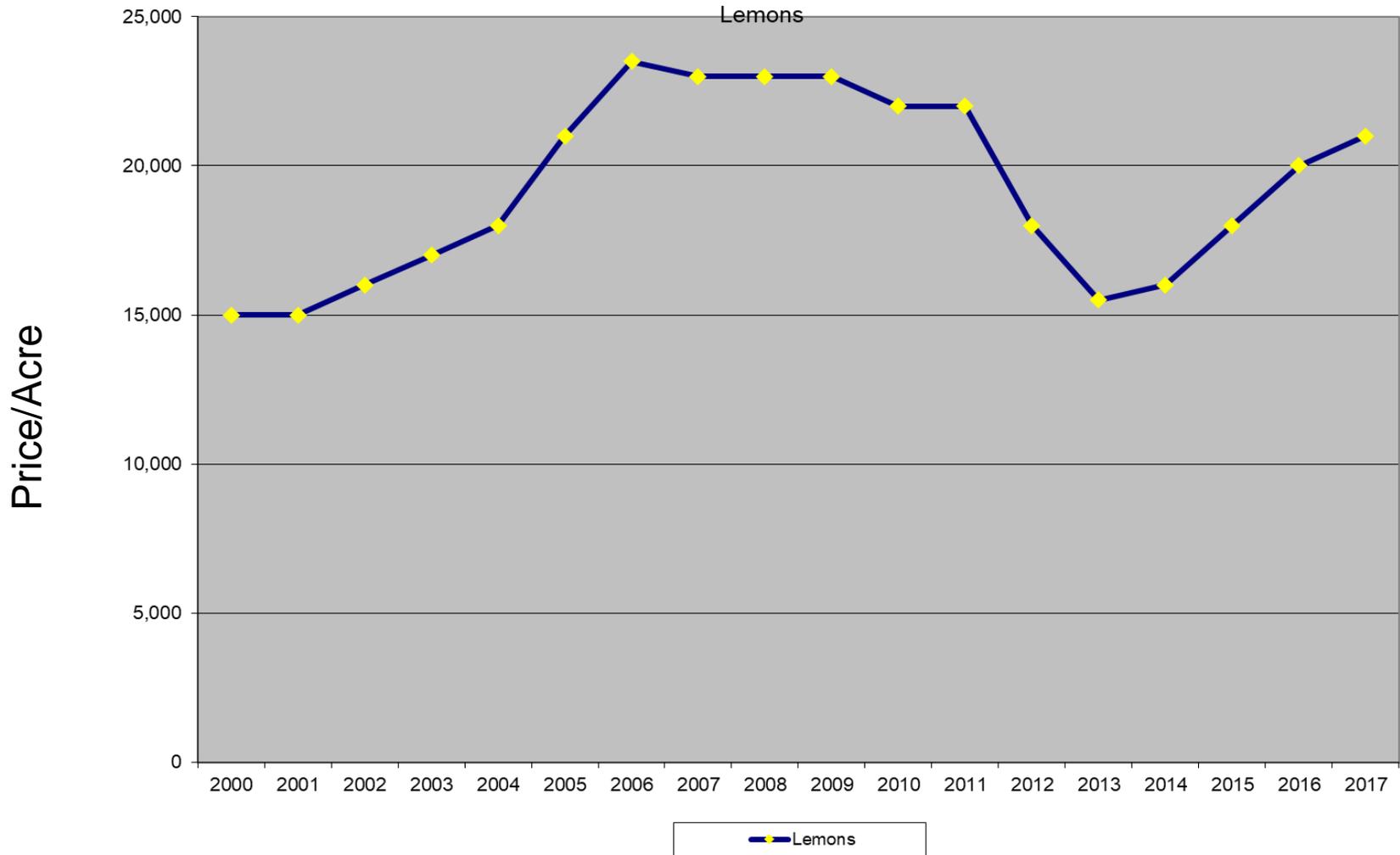


Arizona Citrus Trends

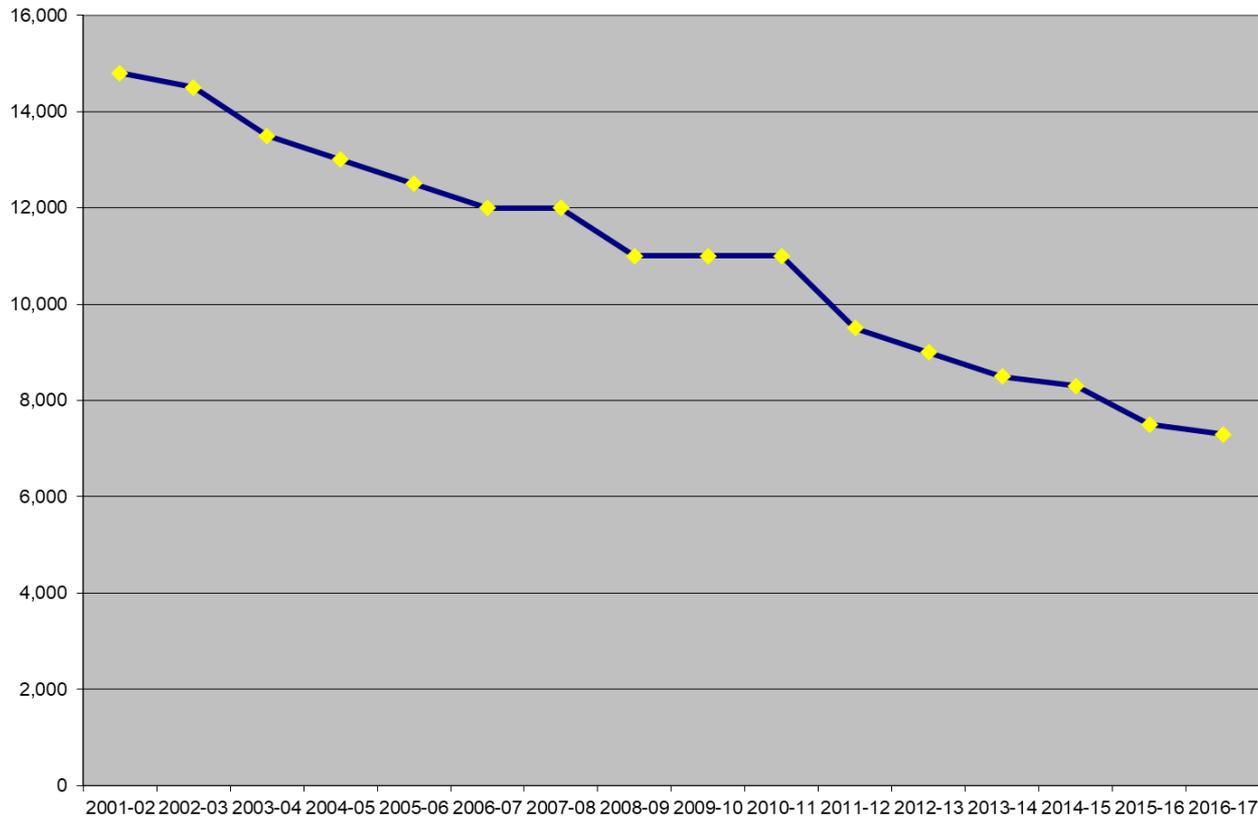
Scott Halver, ARA, MAI
Ganado Group, Inc.



Yuma Mesa



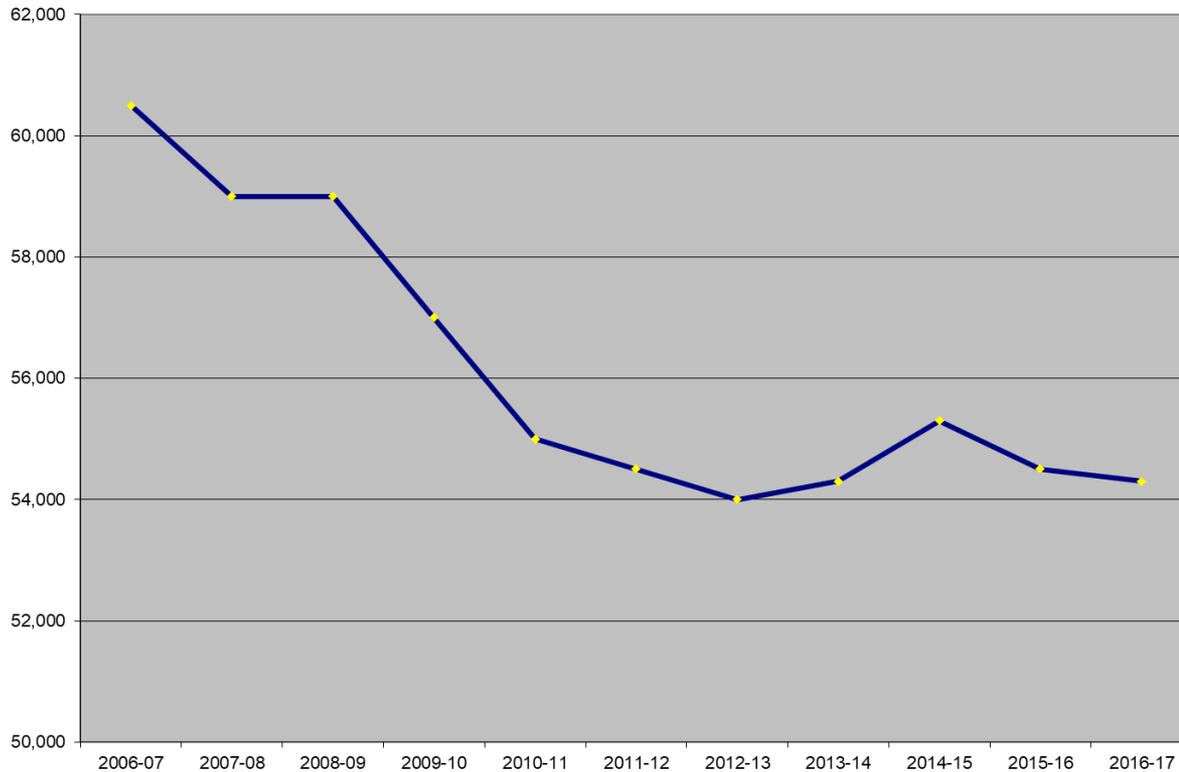
Lemon Acreage - Arizona



Year	Acres
1994-95	16,100
2000-01	14,800
2001-02	14,800
2002-03	14,500
2003-04	13,500
2004-05	13,000
2005-06	12,500
2006-07	12,000
2007-08	12,000
2008-09	11,000
2009-10	11,000
2010-11	11,000
2011-12	9,500
2012-13	9,000
2013-14	8,500
2014-15	8,300
2015-16	7,500
2016-17	7,300



Lemon Acreage – United States



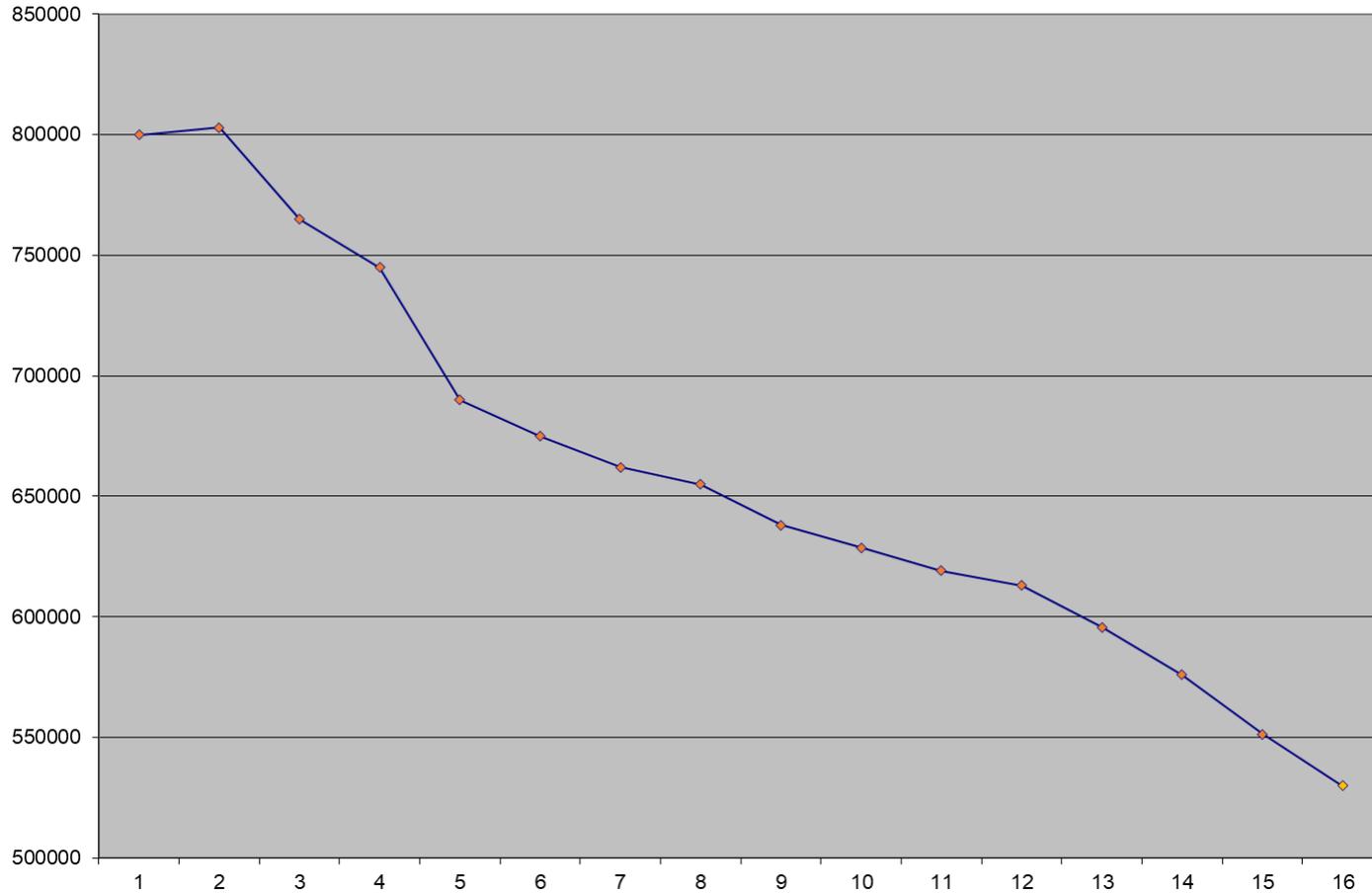
Year	Acres
2006-07	60,500
2007-08	59,000
2008-09	59,000
2009-10	57,000
2010-11	55,000
2011-12	54,500
2012-13	54,000
2013-14	54,300
2014-15	55,300
2015-16	54,500
2016-17	54,300

2011-2014 Numbers adjusted slightly in 2015 by USDA reporting

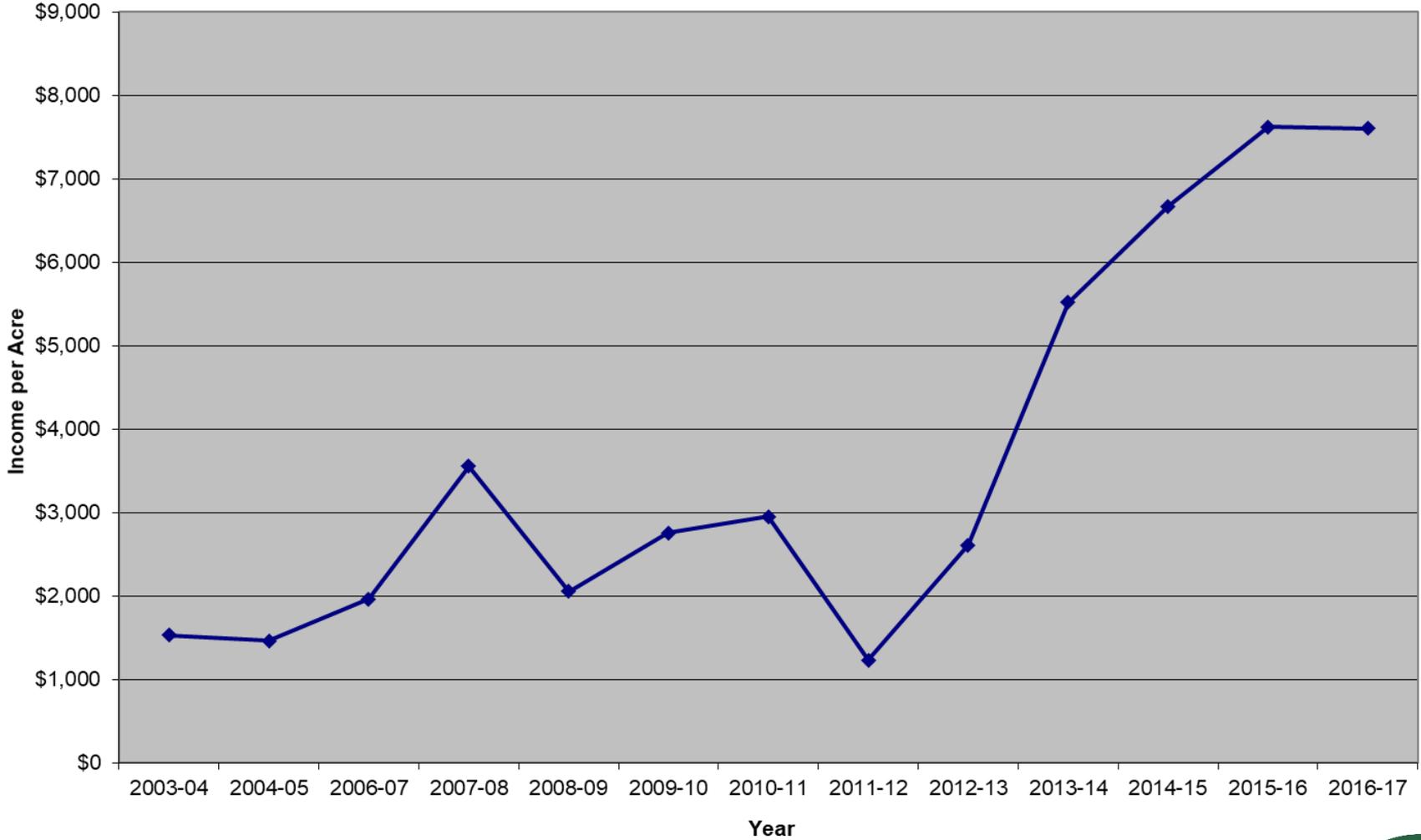
USDA National Agricultural Statistics Citrus Fruits 2015 Summary



Bearing Acres of Oranges – United States



All Arizona Citrus Income/Ac



CITRUS OUTLOOK '17 – '18

A couple of new citrus sales have occurred over the past 2-3 years in the Yuma-El Centro area. One sale occurred for \$3.6 million in 2016, up 5% from its prior sale in 2014 at \$3.2 million, same citrus planting just 2 years. Other sales exist to indicate a general upward trend in value for citrus in the southwest. Commodity prices have been very good for lemons and decent for Minneolas. Total plantings of lemons is down (7,500 acres for AY 2016-17) significantly from say 10-15 years ago (14,000+ acres) but a lot of new plantings of lemons has occurred. Some say as much as 1,000 acres of new lemons on the mesa for 2017, probably a less than 1,000 acres but a lot. This past year the best lemon groves yielded from 350 to 400 field boxes with growers receiving from \$14 per field box and/or a net return of something like \$4,500 per acre (desert region). The fall 2017 harvest is getting under way with another moderate crop yield expected, similar good returns. Minneolas have been popular for the past several years but not as lucrative as lemons.

A significant amount of Medjool dates are being planted in the Yuma area- approaching 10,000 acres. Prices have been good for Medjool dates, but the future supply is increasing significantly.

The *Asian Citrus Psyllid* or *Citrus Greening Disease* is the newest to impact the citrus industry. A quarantine was put on by USDA for most of the citrus growing areas of the State of Arizona in late 2015. Citrus Greening was first found in Florida in 1998. No infected groves have been found in Arizona to date. The insect carrying the disease, citrus psyllid has been found but not the disease. The disease is characterized by blotchy mottled leaves, alters the fruit taste, and in some cases the fruit tends to “green back-up” after partially maturing/cooling. The disease is transmitted by the Psyllid and/or by grafting infected trees. Fruit intended to leave the State of Arizona must be washed. In talking with area packing houses the washing of fruit was already being done so such it does not change business practices too much. The most recent development is the possible “tarp loads”, citrus being transported in bulk from the southern areas to the northern area packing houses. The true cost of this measure is generally unknown.

Since the mid 1990's a significant amount of acreage has been removed in District III (desert- Yuma, Phoenix, Coachella Valley), partly because of disease but also because of aging groves and urbanization. “**Macro Decline**” and “**Coniophera**” are being named as the cause of accelerating the decline in older lemons (An other variety). Macrophylla Decline is described as an incompatibility between Macrophylla rootstock and the particularly Frost New Cellar (Frost New Cellar budded to the rootstock/Macrophylla). Other varieties of lemons do not seem to have experienced the “decline” (tree declines at say 27 yrs of age while others go to say 35 yrs). Coniophera is a wind-borne disease. If caught in time, Coniophera can be minimized.

Marketing: The Trump administration is proposing a tariff on Mexican citrus fruit brought into the U.S. This will benefit U.S. citrus growers. The Obama administration was in-the-process of lifting a 20 year ban on citrus from Argentina. The ban was in-place because of disease problems including Black Spot (*Guignardia Citricarpa*) a fungus that leaves spots on the fruit and leaves. The Trump administration has imposed a 3 month stop on the lift, so possibly the Argentina fruit will not reach the U.S.

Yuma – I.V. Calif	Value Per Acre	Activity Trend	Rent Range	Activity Trend
Young Groves 1-5 Yrs.	\$8,000 - \$12,000	Limited/Stable	Seldom Rented	Stable
Mid-life 6-15 Yrs.	\$17,000 - \$22,000	Limited/Stable	Seldom Rented	Stable
Late-life 16-30 Yrs.	\$12,000 - \$16,000	Moderate/Stable	Seldom Rented	Stable

Note: The \$8,000/ac for 1 year old lemons is the underlying land unless located farther out, El Centro area.

Yuma Mesa Irrigation and Drainage District, \$85.00 acre for nine acre feet, additional \$6.00/ac ft (paying \$750/ac for idling selected acreage- water Unit B, \$163.68 for 10 acre feet (west side of mesa)

YCWUA, \$106.50 5 acre feet (Yuma Valley)

North Gila Valley Irrigation & Drainage District, \$65 for 5 ac feet

Bard Water District, \$97.00, 5 or 8 ac ft depending on soils-loam or sandy, additional \$19.40/acre foot