AcreValue
Market Report

California Land Trends

Q1 2022

A summary of annual trends in
California farmland in 2020 and 2021.

Issued: March 15, 2022

Introduction

At AcreValue and Ag-Analytics®, we are fascinated with American farmland. With each passing day seeing farmland selling for ever higher prices, we took a deep dive to uncover state-wide trends in California. To build your own custom reports, access and browse a comprehensive dataset of comparable sales records on AcreValue Premium! Check back often as we release reports for other states and issue updates.

Report Highlights

Farmland values in California are up over the past year, at just over 7% between 2020 and 2021. Farmland in the Central Coast and Sacramento Valley regions of California experienced strong increases in average sales prices, jumping 30% and 16%, respectively, between 2020 and 2021. Meanwhile, the San Joaquin valley was mostly flat. Across all transactions in the state, 38% transactions in 2021 exceeded $20,000 per acre, and just under 27% exceeded $25,000 per acre. Read the full report for more information on sale trends throughout the state.

Making the Report

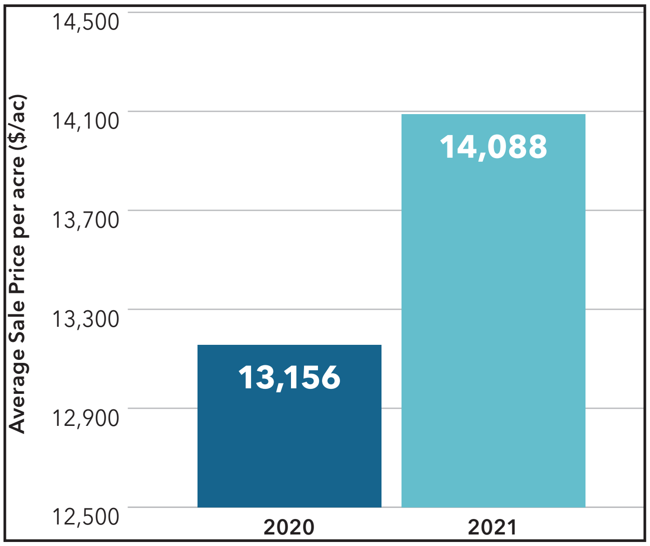
This report is generated from a large sample of curated farmland sales in California for 2020 and 2021 to provide a highly accurate perspective on recent market activity. The report focuses on agricultural related transactions across a spectrum of tillable acres and operation types.

We tap virtually every county database and courthouse to gather the most comprehensive dataset of farmland sales records in the market. These records are then compiled and benchmarked to ensure quality and relevance. Finally, we filter and remove outliers & non-arm's length sales, and then collate with spatial databases for soil, elevation profiles and production to provide a clear view of relevant market activity. See the Appendix for technical information on data filtering criteria.

While other studies typically rely on state level summaries from USDA and self-reported survey data across different cultivation practices, this **AcreValue Market Report** focuses exclusively on prime commercial properties based on actual sales transactions, and provides advanced breakdowns that you will not find anywhere else.

Access sales and trends yourself directly from AcreValue.com by creating your own custom report with comparable sales, current listings, parcel history, and valuation estimates.

Average Sale Price of Completed Arms-Length Transactions in California, 2020 and 2021 (n=817)



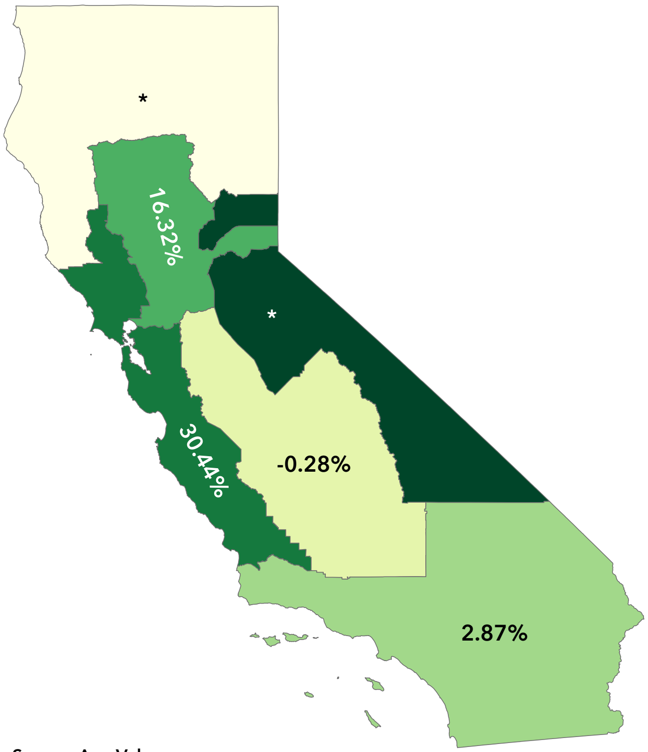
Note: Average Sale Price of Completed Arms-Length Transactions in California, All Regions, 2020 and 2021. Generated using 369 sales in 2020 and 448 sales in 2021. Source: AcreValue.com

Overview - Ag Land Sales in California

Between 2020 and 2021, overall California farmland values increased by just over 7%. The average nominal transaction size in this report was $1,037,402. For comparison, the USDA NASS Land Values 2021 Summary reported very similar statewide averages in California in 2020 and 2021. However, this AcreValue report provides additional breakdowns by region, crop type, and other market segments.

We split California farmland sales into six regions: Central Coast, Northern, Sacramento Valley, San Joaquin Valley, Sierra Nevada and Southern California. The Central Coast region experienced the highest year-over-year increase in average land prices, jumping from $10,732 to $13,999/acre, or 30.44%. Sacramento Valley posted the second-highest increase in average land prices, while the San Joaquin valley was flat.

Figure 1: Average Sale Price (Arms-Length Transactions) California Prime Farmland, 2020 and 2021 (n=817)



Source: AcreValue.com

*Note: Average Sale Price of Completed Arms-Length Transactions in California, All Regions, 2020 and 2021. Generated using 369 sales in 2020 and 448 sales in 2021. *The number of observations for the Northern and Sierra Nevada regions were not sufficient to draw strong conclusions. Source: AcreValue.com*

Table 1: Average Sale Price by Region ($/acre)

REGION	2020	2021	% CHANGE
Central Coast	10,732	13,999	30.44%
Northern	4,945	4,597	*
Sacramento Valley	12,562	14,611	16.32%
San Joaquin Valley	13,916	13,876	-0.28%
Sierra Nevada	8,414	17,376	*
Southern California	14,876	15,303	2.87%
STATEWIDE	**13,156**	**14,088**	**7.08%**

*Note: Average Sale Price of Completed Arms-Length Transactions in California, All Regions, 2020 and 2021. Generated using 369 sales in 2020 and 448 sales in 2021. *The number of observations for the Northern and Sierra Nevada regions were not sufficient to draw strong conclusions. Source: AcreValue.com*

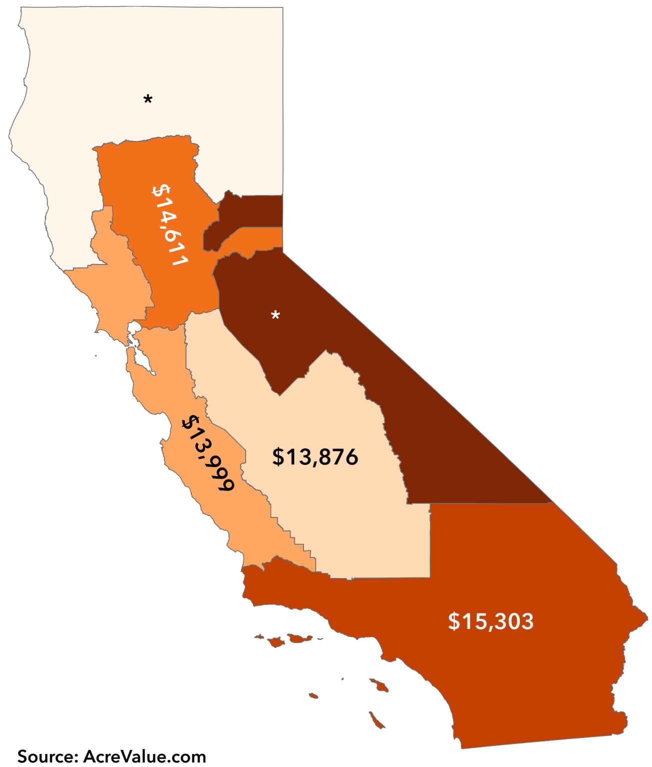
One potential reason for these regional differences is due to the influence of water availability and rights in the San Joaquin Valley region. Compared to the rest of the nation, California agriculture is unique in that arid California agricultural production requires irrigation to grow the wide variety of high-value crops that make California famous. Naturally, the importance of water extends to farmland prices as well, as access to water is a critical component in the valuation of a tract of Californian land. A few water-related facts we found interesting include:

- There are **9 million irrigated acres** in CA, representing **80% of all CA cropland acres**
- **80% of CA water** is used for agriculture (roughly **34 million acre feet** of water each year)
- The market price for water is **$70 per acre foot**
- Primary means of irrigation in CA is from **aqueducts and canals**

Source: www.water.ca.gov

Obtaining data on water rights is not an easy task. Each water rights allocation is recorded in a court filing at the county level and is not easily accessed publicly. However, findings from local specialists show that farmland values have been dropping in areas where groundwater sources are less reliable or are being restricted. The aggregated sales data on AcreValue.com seems to show consistencies with these expected trends.

Figure 2: Average Sale Price (Arms-Length Transactions) California Prime Farmland, 2021 (n=448)



Source: AcreValue.com

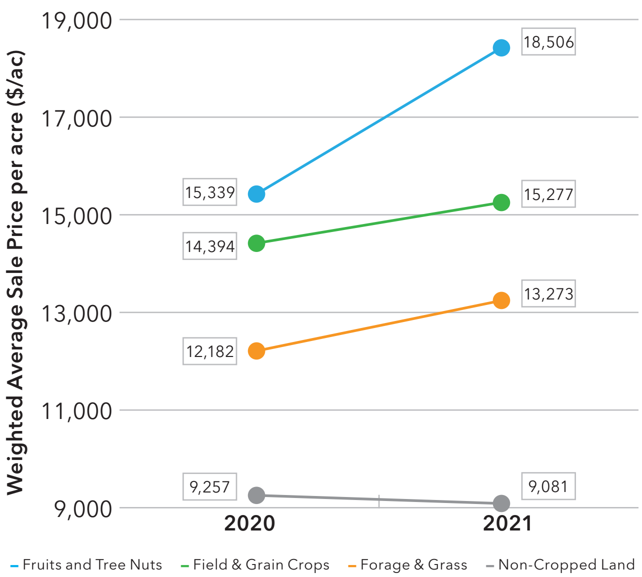
*Note: Average Sale Price of Completed Arms-Length Transactions in California, All Regions, 2021. Generated using 448 sales in 2021. *The number of observations for the Northern and Sierra Nevada regions were not sufficient to draw strong conclusions. Source: AcreValue.com*

Average Statewide Sale Price by Primary Crop Type, 2020 to 2021

Next, we break down sales by crop type. A vineyard in Napa, for example, could certainly expect to capture more value than a similarly sized non-irrigated hay field in Southern California. Therefore, identifying land use is critical for understanding the value of land, and is one of the primary focuses in this report. Land use can also be found on our searchable parcel layers at AcreValue.com.

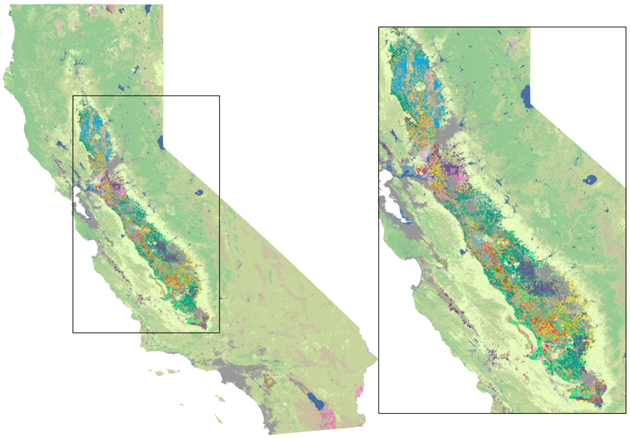
Commercial scale fruit or tree nut ground experienced solid performance, increasing nearly 21% in 2021. Forage & Grassland saw decent increases in values as well, as did Field & Grain land. Vegetable & Specialty land experienced decreases suggested flat or declining values, but the number of observations were not sufficient to draw strong conclusions.

Figure 3: Average Sale Price of Completed Arms-Length Transactions in California by Primary Crop Type, 2020 and 2021 (n=817)



Note: Average Sale Price of Completed Arms-Length Transactions in California by Crop Type, All Regions, 2020 and 2021. Generated using 369 sales in 2020 and 448 sales in 2021. Source: AcreValue.com

Figure 4: A Snapshot of the Diversity of Crops in California

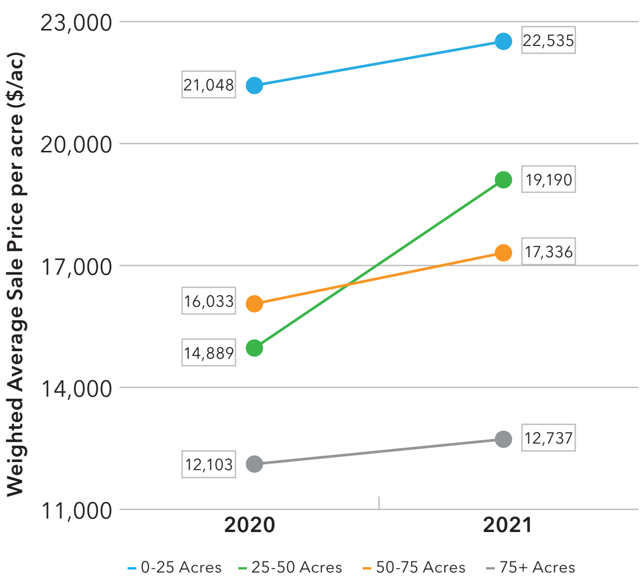


Note: Crop type and previous land use statistics for each tract are searchable on AcreValue.com

Average Statewide Sale Price by Tract Size, 2020 to 2021

Next, we break down sales by tract size. Parcels in the range of 50- to 75-acres experienced the greatest percentage increase, 28.89%, and also had the second highest average sales price in 2021, averaging $19,190/acre. Parcels between 25 and 50 acres also had a higher than average year-over-year increase at just above 8% with the 2021 average at $17,336/acre. Parcels in the 0- to 25-acre and 100+ acre range experienced modest increases in average sales price of 5.24% and 5.27%, respectively, with the 0- to 25-acre range having the highest average 2021 sales price of $22,535/acre.

Figure 5: Average Sale Price of Completed Arms-Length Transactions in California by Tract Size, 2020 and 2021 (n=817)



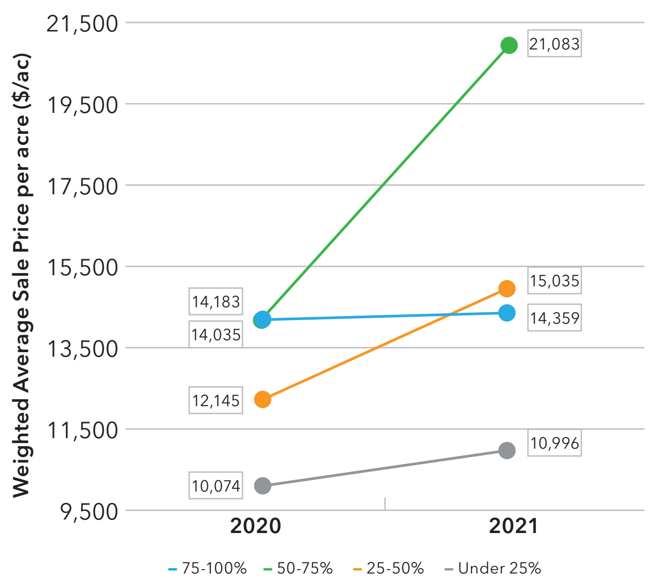
Note: Average Sale Price of Completed Arms-Length Transactions in California by Tract Size, All Regions, 2020 and 2021. Generated using 369 sales in 2020 and 448 sales in 2021. Source: [AcreValue.com]

The relationship between tract size and average sales price is commonly observed in land markets and has a variety of potential causes. The increased premium on relatively smaller tract sizes for the California region is likely due to development potential and the average size of vineyards, wineries and other permanent crops of high value.

Average Statewide Sale Price by Tillable Acreage, 2020 to 2021

Next, we examine changes in land values for different classes of sales by percent of tillable acreage. Tracts in the 50-75% and 25-50% tillable acreage range displayed strong average sale price increases, rising around 50% and 24%, respectively, between 2020 and 2021. However, the number of observations for both categories were not sufficient to draw strong conclusions. Land with a relatively high proportion of tillable acreage (over 75%) exhibited high average sale prices in 2020 but experienced a very modest growth of 1.25%. On the other end of the spectrum, land with relatively low proportion of tillable acreage (under 25%) experienced higher than average price increases of 9.15%, but lower than average prices in 2020 and 2021.

Figure 6: Average Sale Price of Completed Arms-Length Transactions in California by Tillable Acreage, 2020 and 2021 (n=817)



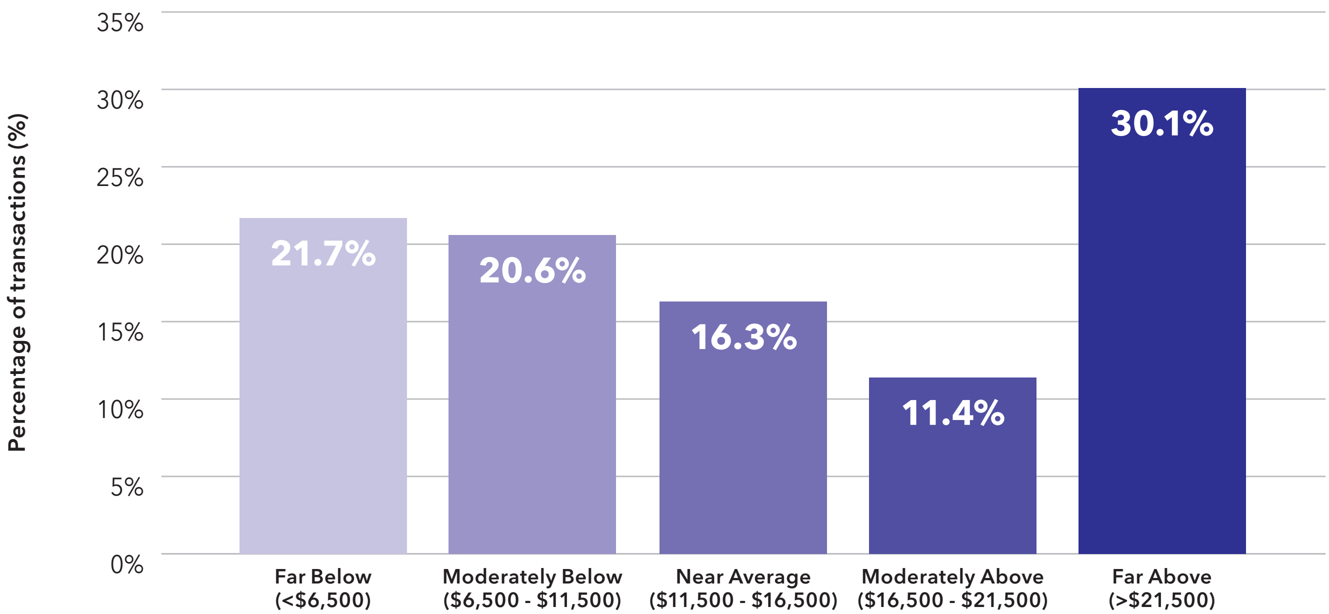
Note: Average Sale Price of Completed Arms-Length Transactions in California by Tillable Acreage, All Regions, 2020 and 2021. Generated using 369 sales in 2020 and 448 sales in 2021. Source: [AcreValue.com]

Sale Price Range Breakdowns

Sale Price Variation in 2020

Next, we examine the range of sale prices across the sample transactions in 2020. Figure 10 shows the percent of sales transactions across different sale price ranges in 2020. Approximately 16% of 2020 sales transactions were near the average sale transaction ($13,156/acre). Approximately 41% of sales transactions were above $16,500/acre. 11.4% were between $16,500/acre - $21,500/acre, and 30.1% of transactions were far above average ($23,000/acre or higher). In contrast, approximately 42% of all transactions were below $11,500/acre, with 20.6% of transactions moderately below average, and 21.7% of transactions far below average.

Figure 7: Percent of Completed Arms-Length Cropland Transactions in California, Grouped by Different Sales Ranges ($/acre), 2020 (n=369)

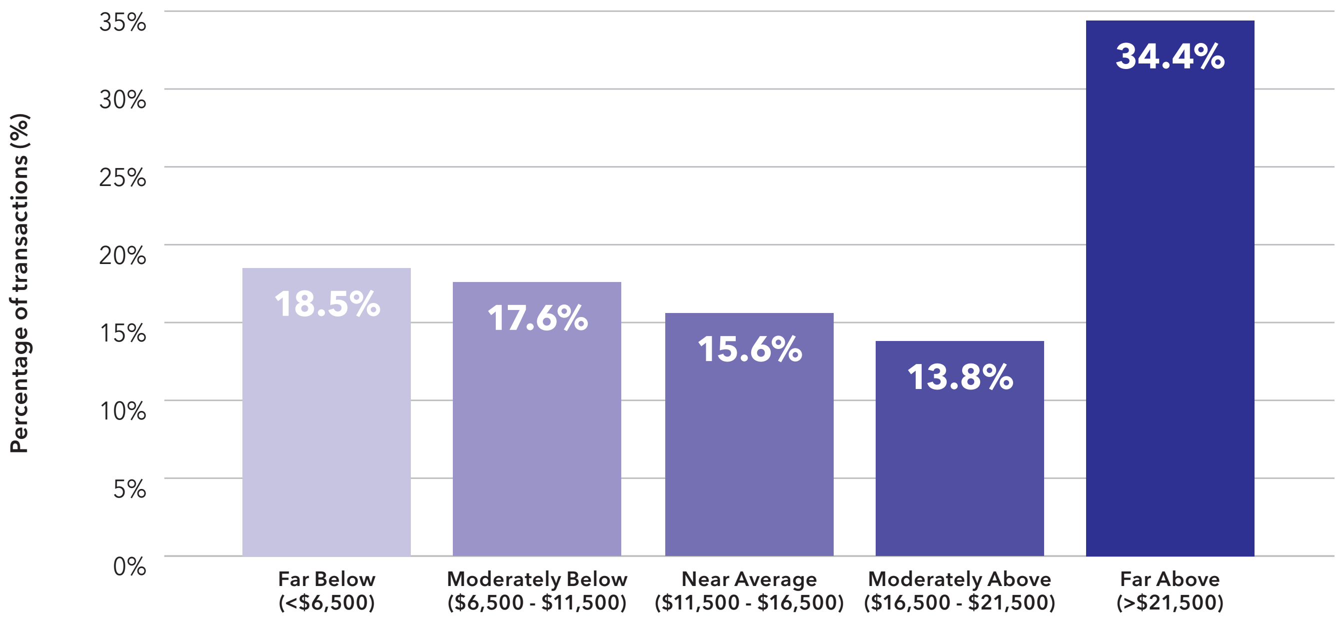


Note: Percent of Completed Arms-Length Cropland Transactions in California, Grouped by Different Sales Ranges ($/acre), 2020. All Regions. Generated using 369 sales in 2020. Source: AcreValue.com

Sale Price Variation in 2021

For statewide sales in 2021, the average sale price was $14,087/acre. Figure 11 shows the percent of sales transactions across different sale price ranges in 2021. Approximately 15.6% of these sales transactions were near the average sale transaction price. Just over 48% of sales transactions were above $16,500/acre. 13.8% of transactions were between $16,500/acre – 21,500/acre (moderately above average), and 34.4% of transactions exceeded $21,500/acre. In contrast, approximately 36% of transactions were less than $11,500/acre, with 17.6% of transactions moderately below average, and 18.5% of transactions far below average.

Figure 8: Percent of Completed Arms-Length Cropland Transactions in California, Grouped by Different Sales Ranges ($/acre), 2021 (n=448)



Note: Percent of Completed Arms-Length Cropland Transactions in California, Grouped by Different Sales Ranges ($/acre), 2021. All Regions. Generated using 448 sales in 2021. Source: AcreValue.com

Appendix

This AcreValue Market Trend Report for California was compiled and summarized from arm's length agricultural sales in California, excluding intra-family sales, foreclosures, refinances and parcels with structures. This retains land sales for farmland while effectively removing non-representative sales such as single-family residences.

To remove outliers, we filter out sales transactions below $2,000/acre and more than $50,000/acre. Sales transactions were also removed when they could not be matched to a verified agricultural parcel. We believe this to be a reasonable sampling of the target market for analysis but make no claim as to whether all sales are captured, and would also note that there are additional factors that affect land prices than those considered here. Note that this is an interim report which includes reported information available to us at the time of writing.

This report is provided for information purposes only and should not be relied upon as a source of appraisal or valuation of any particular property. Where applicable, the map data provided in this report have been roughly aggregated into regions, which could include multiple Crop Reporting Districts (CRDs). The motivation behind this aggregation is to help ensure sufficient sample sizes in facilitating both intra- and inter-regional statistics and comparisons and is similar to regions defined in California for similar studies.

Table A-1: Number of Representative Sales by Region

REGION	2020	2021
Central Coast	35	42
Northern	15	13
Sacramento Valley	74	66
San Joaquin Valley	177	229
Sierra Nevada	1	8
Southern California	67	90
STATEWIDE	**369**	**448**

Note: Total number of Completed Arms-Length Transactions in California, All Regions, 2020 and 2021. Source: AcreValue.com

About AcreValue

AcreValue is the new way for farmers, land professionals, and landowners to research agricultural land and discover the value of carbon farming. With the most comprehensive set of farmland data in one easy-to-use site, AcreValue provides the fastest way to research land and find current valuations. **www.acrevalue.com**

What We Do

AcreValue aggregates and analyzes terabytes of data about soils, climate, crop rotations, taxes, interest rates, and corn prices to calculate the estimated value of an individual field. With its map-based web interface, AcreValue provides easy access to this data with a simple click on a field. AcreValue is currently available in all U.S. states except Alaska and Hawaii. Estimated values are currently available in California, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Nebraska, North Carolina, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, and Wisconsin.

About Ag-Analytics Technology Company

AcreValue is brought to you by the team at Ag-Analytics Technology Company. Ag-Analytics Technology Company specializes in Farm Management Software (FMS), helping thousands of farmers and their teams to build more profitable and efficient farms today to steward their lands for generations to come.

For more information about Ag-Analytics Technology Company and our team, please visit our website at **www.analytics.ag**.