Coastal and Southern Inland Valley Regions

2005 Spring Ag Outlook

California Chapter of the ASFMRA
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These Materials, and many more, are also available on our web site:

www.CALASFMRA.com

Overview

• Land values have shown dramatic increases during 2004.
• The “Bad News” is there’s no bad news…
• The link between income and value is being stretched ever thinner.
• Weak U.S. Dollar has had a noticeable impact - assisting our export products and increasing the cost of imports.
• §1031 Exchange transactions have significant impact on all investment real estate markets.
Overview (cont.)

**Good News:**
- Interest rates still low by Historical standards.
- Nut crops are in great shape – walnuts, pistachios, and almonds. Concerns about handling massive almond crops were proved unfounded. We need more nuts!
- Wine grape optimism, ahead of reality?
- Commodities ok?

**Bad News:** Already said no bad news… but if you insist…
Strawberries ended their run, with near disastrous results in Ventura and Santa Barbara Counties

[Map of California with North Coast highlighted]
North Coast

- Prices were steady during 2004 as market participants waited to see if the upturn was real.
- Limited offerings.
- By the end of the year optimism returned as industry fundamentals began to improve.

Napa County Vineyards
On Resistant Rootstock
Napa County Open Land

Price Per Acre

Year

$115,000
$95,000
$75,000
$55,000
$35,000
$15,000

Napa Vineyard Sales

Price Per Acre

Sale Date

Dec-98 Dec-99 Dec-00 Dec-01 Dec-02 Dec-03 Dec-04

$200,000
$150,000
$100,000
$50,000
$0
Napa Vineyard Values vs. Price

Sonoma County Vineyards
On Resistant Rootstock
Central And South Coast...

Monterey
San Luis Obispo
Santa Barbara
Ventura

More of the Same

- Transactions were spotty for open, irrigated land. Demand remains very strong, in spite of the difficult year for berry growers.
- Price range narrowed for vineyard sales as confidence returned to the market.
- Whither Paso Robles? Real estate market for vineyards firmed, but fundamentals remained weak. Significant amount of uncontracted fruit, mostly red varieties. Turnaround waits until 2006?
- “Sideways” effect. Pinot envy… Santa Barbara County vineyards and wineries enjoying marked recovery in early 2005, demand for Pinot Noir is extraordinary. Stay tuned for next year’s survey.
- As berries go, so goes the Central Coast.
San Luis Obispo & Santa Barbara Counties
Open Irrigated Farmland

Santa Barbara County
Open, Irrigated Farmland Sales
Monterey County
Open Irrigated Farmland

Blanco District – Pajaro Valley
Open, Irrigated Farmland Sales
Monterey County, Varietal Wine Grapes

Monterey County Values vs. Price
San Luis Obispo & Santa Barbara Counties, Varietal Wine Grapes

San Luis Obispo & Santa Barbara Counties, Values vs. Price
Ventura County Avocados

Southern Inland Valleys...

San Bernardino and Western Riverside Counties
San Diego County
Coachella Valley
Palo Verde Valley
Imperial Valley