



Land values report

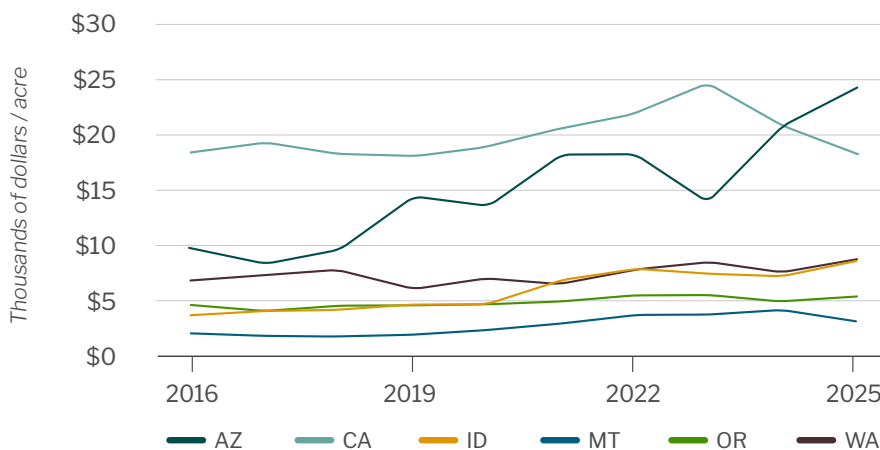
Executive summary

Land values across AgWest Farm Credit's territory show mixed trends. Some regions report stable or slightly increasing values due to a limited supply of quality properties offered for sale, while certain portions of AgWest's territory show land value declines for the following reasons:

- **California** - Water supply constraints, combined with depressed prices for several fruit and nut commodities including table grapes, wine grapes, almonds and walnuts have led to value declines for some agricultural properties. Recent improvements in tree nut pricing have supported market stabilization for orchards with desirable varieties and strong remaining productive life.
- **Washington** - Declining commodity prices have softened buyer demand across several permanent plantings, placing downward pressure on land values. As a result, many properties, particularly hops, uncontracted wine grapes and marginal apple orchards in central Washington are experiencing extended marketing periods and weakening values.

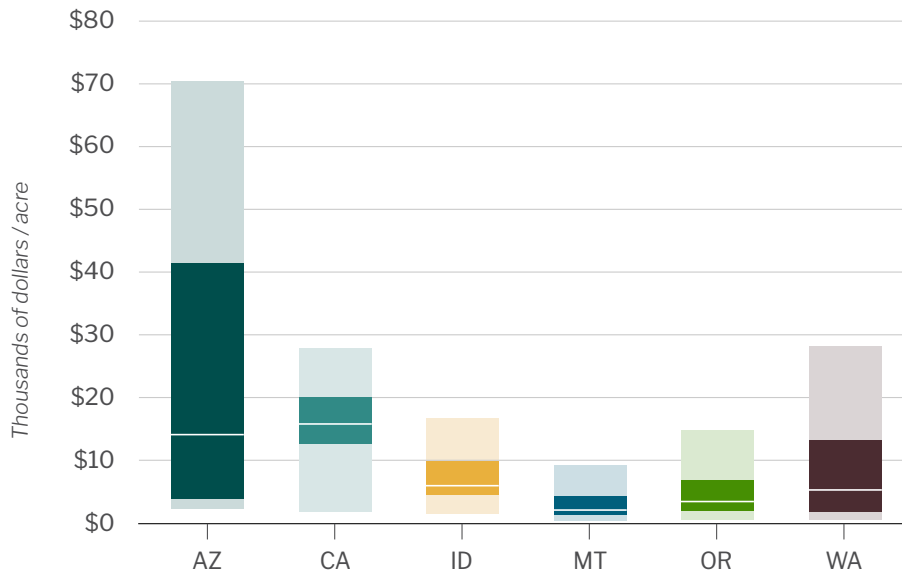
Persistently elevated interest rates and tightening regulations continue to soften demand across the West. Even where values are increasing, they are doing so at a slower rate. Property inventories for sale are increasing in California and Arizona but in general, remain limited across the Northwest. Local operators, absentee operators, institutional investors and developers are active in the marketplace; however, development acquisitions have decreased primarily due to elevated financing costs and lower returns. Some areas are reporting longer listing times and decreases in listing prices, though final sales prices indicate generally stable values.

Average land values



Source: AgWest's proprietary sales database. Industrial, commercial, residential, and site sales excluded. Data represents a 12-month rolling average. Data collection lags about six months and is subject to change. Methodology changes implemented in January 2025 have led to slight changes in values from historical Land Values Reports.

Average land values (box plot)



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Land value considerations

Interest rates – Relatively high interest rates are a frequently reported deterrent to land acquisition. More instances of creative financing, such as owner-carried notes, are reported. Evidence of a weakening labor market has spurred the Federal Reserve to begin gradually reducing rates, although the positive impact will take time to materialize.

Rural residential/recreational – Most rural residential and recreational markets continue to cool, largely due to elevated interest rates. Recreational buyers are becoming more selective, seeking properties with proven amenities. Longer listing times are becoming more common and prices appear to be stabilizing.

Availability – Inventories of agricultural land are low in much of AgWest's territory, which continues to bolster values despite elevated interest rates. A notable exception to this trend is in portions of California and central Washington, where broker reports and AgWest's internal market data indicate supply is outpacing demand.

Farm income/commodity prices – The relationship between land values and commodity prices in recent years has been weak as many perceive land as a stable, long-term investment. However, this relationship is strengthening in areas such as central Washington and California's Central Valley as certain commodity prices are depressed. Visit our [Industry Insights](#) webpage for industry specific updates.

Drought – Drought appears to be subsiding across much of AgWest's territory as of mid-January 2026. Remarkably, the entire state of California is drought free for the first time in over two decades, although snowpack is currently below average. Areas with severe to extreme drought are limited to pockets in the periphery of Arizona, north-central Montana, northeastern Oregon and southeastern Washington. Refer to our [Quarterly Drought and Water Update](#) for more detailed information.

Colorado River negotiations – States that depend on the Colorado River are embroiled in contentious negotiations to decide how to re-allocate scarce water as the 100+ year-old Colorado River Compact expires in 2026, while a decades-long drought in the Colorado River Basin continues. No deal is in sight ahead of the February 14 deadline set by the U.S. Bureau of Reclamation (USBR) for preliminary agreement. USBR will step in to manage the river if the states cannot agree to a replacement framework and USBR's staff are currently analyzing the impacts of various management strategies.

Arizona

- Agricultural cropland prices are stable in the greater Yuma area, while sales activity is slowing. Inventory is considered adequate for current demand. Farmers are not actively seeking land to purchase, although existing tenants will often decide to buy a farm offered for sale. Investor activity is slower than in recent years due to water supply concerns and elevated interest rates.
- Land values in southeast and central Arizona remain stable, with overall light market activity. Inventory is considered adequate for current demand. Water availability and the potential for non-ag development are the primary drivers of value. Agricultural land surrounding the Phoenix Metropolitan Area is often purchased by investors due to strong population growth. Investor activity is stable, although long-term water supply issues and elevated interest rates create some concern.
- Drought and poor Colorado River conditions in recent years have led to reduced Central Arizona Project (CAP) deliveries and increased water costs for irrigation districts in central Arizona.
- Declining groundwater levels and expanding groundwater regulations may exert some negative pressure on agricultural land values in rural Arizona, particularly in Cochise and Graham counties; however, current data indicates stable values.
- Sales activity for dairy properties is slow. Extended listing periods are a possible indication of a softening market. Limited recent data indicate values and lease rates are stable.
- Most participants in the pecan industry expect the market for average-to-good-quality orchards to remain stable; however, low pecan prices and higher interest rates may slow sales activity, while long-term water supply is questionable. Limited listings indicate soft demand.
- Pistachio orchards are rarely offered for sale due to high profitability and ownership concentration in the industry, keeping pistachio orchard values relatively high, though long-term water supply is questionable.

California

- Access to water is the primary driver of agricultural land values in the San Joaquin Valley, with buyers preferring properties with access to multiple sources of water. Secondary drivers impacting land values include interest rates and commodity prices.
- The unfolding implementation of the Sustainable Groundwater Management Act (SGMA) and related pumping restrictions have led to decreases in underlying land value across much of the San Joaquin Valley, particularly in those areas which lack access to surface water deliveries and/or don't have a regulatory plan approved by the state. Court rulings and new analyses of sustainability plans will provide greater clarity in the coming months.
- Contributory values of permanent plantings such as almonds, table grapes and walnuts have declined across the Central Valley due to oversupply in recent years, although there is some indication that nut orchard values have stabilized as commodity prices have somewhat recovered. Contributory values among pistachio and citrus orchards remain relatively strong.
- Demand for dairy facilities in the San Joaquin Valley is decreasing due to very thin margins. The buyer pool is limited and prefers newer, more efficient facilities that minimize costs. Less efficient facilities are typically redeveloped into feed cropland or used as heifer facilities after purchase.
- Listing times are increasing in the San Joaquin Valley as supply slightly outpaces demand, while listing times remain stable in the Sacramento Valley with supply exceeding demand.
- Land values in the Sacramento Valley stabilized following gains in tree nut prices over the last year. Cling peach orchard values are currently stable, although the recent bankruptcy of a large processor may reduce demand for fruit in the near future. Prune orchard values are stable. Rice ground values are stronger in areas where surface water supplies are more reliable.
- Premium wine grape vineyards on the Central Coast are seeing reduced demand and declining values due to a persistent lack of wine demand. Vineyards located in western Paso Robles show some resilience due to their storied heritage and being located outside of the Paso Robles Groundwater Basin; however, there is some evidence of decline in this region as well.
- The supply of irrigated cropland capable of vegetable and strawberry production on the Central Coast is very limited and in high demand, particularly in the Santa Maria Valley, which benefits from high quality soils and a relatively stable long-term water supply.

- Rangeland values are stable. Properties are usually marketed directly to a well-known buyer/lessee pool and typically sell quickly, keeping values elevated.
- Imperial Valley land values are stable with some evidence of slight decline, while market activity is slower due to high interest rates, decreased commodity prices and trade disputes. Historically, this region appealed to investors seeking water security. This trend has dissipated in recent years and local growers and operators now make up most of the market participation.

Idaho

- Agricultural land values in Idaho remain stable to slightly increasing when compared with previous years. Demand for good quality agricultural ground continues to exceed supply. Listing times are stable to slightly increasing.
- The rural residential market is stable, with limited supply creating upward pressure on values and elevated interest rates creating downward pressure on values. Listing times are increasing as a result, but properties still sell in a reasonable timeframe.
- The recreational market has slowed from historic highs, and properties are seeing longer listing times. Prices in this sector are difficult to track as there is relatively little data. Relatively high interest rates have pushed some prospective buyers out of the market, but demand is still evident.
- An agreement was reached in November 2024 between the Idaho Department of Water Resources (DWR) and several groundwater districts to avoid curtailments in the Eastern Snake Plain Aquifer. The agreement will be reviewed every four years and provides updated mitigation and conservation requirements for groundwater users. The agreement benefits surface water users, in exchange for granting water right protection, while allowing groundwater users to continue pumping.
- The Upper Snake River System is at 52% of capacity as of mid-January 2026 per USBR, which is below average. Current reservoir levels are causing concern about water supply levels for the upcoming irrigation season and for annual water recharge. However, precipitation and snow water equivalent levels are at or above average, creating a more positive outlook for the upcoming irrigation season. Recreational property values remain strong and stable although activity appears to be declining.

Montana

- Agricultural land sales indicate values are generally stable to increasing throughout the state, primarily for higher-quality production properties which are limited in inventory.
- Good-quality agricultural land and cattle ranching properties continue to be in high demand. High beef prices are putting some cattle ranchers in a position to expand, supporting higher grazing land values. Currently, lower grain prices do not appear to have a measurable impact on land values. Limited supply has reduced overall activity. Demand for lower-quality agricultural properties has softened, with longer listing times reported.
- Production agriculture still drives land values in many parts of the state, with many transactions taking place privately between landlords and tenants or between neighbors.
- Rural residential demand softened from the highs seen during COVID-19 but remains stable. However, high prices, limited inventory and elevated interest rates are precluding many would-be buyers, leading to reduced activity overall. Listing times are increasing.
- Recreational interest is strong, especially among those properties that offer amenities such as live water and fishing, direct access to public land, privacy, access to elk and bird populations, etc. Buyers are reportedly being more selective and seeking proven hunting ground, although the inventory of these properties is limited.
- Many large recreational ranch transactions are taking place off-market as demand remains extremely strong.
- As of mid-January 2026, snowpack levels are generally at 85% to 110% of long-term medians across Montana, with the highest snowpack observed in the southern and central portions of the state. Although certain areas experienced irrigation water shortages, much of Montana received snow at or near median levels.

Oregon

- Despite low commodity prices, agricultural land values are generally stable to increasing due to a limited supply of high-quality cropland. Lower quality agricultural properties show some evidence of softening prices. Marketing times are generally increasing.

- Although demand continues to be strong for most property types, particularly from large operators, buyers are generally careful to ensure properties fit well within their existing operations. Investor and out-of-area buyer interest has declined slightly from the previous two years across most of the state.
- Demand for rural residential properties varies depending on location. A lack of inventory is generally keeping supply below demand, propping up values. However, prices have leveled off from previous highs due to persistently elevated interest rates. Longer listing times are common.
- Strong demand for timberland in the Pacific Northwest continues to drive values upward. This trend is particularly evident in transactions involving large tracts of land, specifically those of roughly 5,000 acres or more, in western Oregon. This trend is reflected by the growing interest in prime forestland assets, driven by factors such as sustainable timber production, carbon sequestration potential and recreational opportunities.
- As of mid-January 2026, precipitation across the state ranges from 79% to 105% of long-term medians. Precipitation in 2025 generally reached median to slightly above median levels across the state, leading to good irrigation conditions. The exception was northeastern Oregon, where 2025 precipitation was slightly below median.
- Some localized areas around Burns, Redmond and Klamath Falls are experiencing irrigation water issues due to historic drought and declining water table issues, alongside other environmental concerns. There is limited activity in the recreational market, but available data indicates strong demand.
- Catastrophic wildfires in multiple areas of Oregon during 2024 will result in widespread operational challenges over the next several years for affected producers and will likely impact availability of grass/pasture leases.

Washington

- Irrigated and dry cropland values are holding stable throughout the state. Many permanent planting properties, particularly hops, uncontracted wine grapes and marginal apple orchards in central Washington, are seeing longer listing times and weakening values.
- Longer listing times and discounts have been seen on marginal quality orchards over the last few months as supply outpaces demand. Demand for orchards has softened, and those with long-term inefficiencies and out-of-date varieties are experiencing the largest decreases in values.
- In areas where a recreational market exists, few sales have occurred and extended listing times are common. The buyer pool is reduced due to elevated interest rates and other affordability challenges.
- Rental rates are beginning to soften in some areas, and land values may follow if commodity prices remain depressed.
- The rural residential market has slowed significantly due to elevated interest rates; however, demand still exists for good-quality properties outside of larger communities. There is upward pressure on farmland surrounding population centers.
- Strong demand for timberland in the Pacific Northwest continues to drive values upward. This trend is particularly evident in transactions involving large tracts of land, specifically those of roughly 5,000 acres or more, in Washington and western Oregon. Increased land values are reflected in growing interest for prime forestland assets, driven by sustainable timber production, carbon sequestration potential, recreational opportunities and other factors.

Share your feedback! [Click Here](#) to complete a two-minute survey about this Land Values Report.

About AgWest Farm Credit Appraisal Services

AgWest appraisers provide appraisal services on rural properties throughout the West. The Appraisal Services team continually researches sales and tracks market data throughout Arizona, California, Idaho, Montana, Oregon and Washington. They compile the market data and analyze it using a central database.

This report provides a high-level look at trends and market characteristics and does not provide details about specific areas or land types. The report should not be used to identify the value of a specific property. This information is limited only to an analysis of trends in identified land values within the geographic area served by AgWest Farm Credit.

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