



# The Imperial Valley

Tom Turner, ARA

*Farm Credit Services Yuma*

## PALO VERDE VALLEY

- The major commodities produced in this desert valley along the Colorado River are cotton, alfalfa, small grains, leaf vegetables and melons. As reported in the 2008 Palo Verde District Agricultural Production Report (Agricultural Commissioner's Office, Riverside County, California) the total Palo Verde acreage harvested in 2008 was 106,816 and the production value exceeded \$165 million.
- There were a few sales of farmland in 2009, with prices ranging from approximately \$7,000 to a little over \$11,000 per acre, with speculation affecting the sale at the higher-end of the range.
- In a 2005 agreement, Metropolitan Water District of Southern California (MWD) negotiated with Palo Verde Irrigation District (PVID) in Blythe to fallow up to 29 percent of the Valley's farmland for 35 years. This equitable agreement pays farmers for Colorado River water that would have been used for farming in the area and transfers the water to MWD for urban use in Southern California. For the year ending July 31, 2010, MWD negotiated an additional short-term fallowing agreement that allowed farmers to fallow an additional 15 percent of their land in return for a one-time payment.

## IMPERIAL VALLEY

The major commodities produced in the Imperial Valley are alfalfa, sudan, bermuda and other grass hays, sugar beets, small grains, cotton, and a wide variety of winter vegetables and melons, citrus and some dates. Sales of good adaptable farmland (produce quality) slowed remaining generally stable in trends and value. Land of average adaptability (alfalfa quality) has also slowed with purchasers mostly local. Sale activity slowed from 2009 (15 sales) to the previous 12 months (2008 - 24 sales). The market for limited adaptability farmland is extremely slow.

## IMPERIAL VALLEY

The Imperial Irrigation District (IID) developed and implemented a 15-year fallowing plan, allowing the transfer of water to the San Diego Water Authority and preservation of the Salton Sea's ecology.

Originally there was a voluntary plan, which provided for owners to lease their land to the district for a maximum of 6-acre foot per acre, in turn the 2010-2011 IID Fallowing program payment would pay \$75 per acre-foot for participation.

## IMPERIAL VALLEY

*The IID has continued to market and liquidate its surplus land from the Western Farms Partnership (US Filter) acquisition in 2004, as a means of mitigating the need to fallow land in connection with their water transfer agreement with the San Diego County Water Authority. A total of 18,171.52 acres of land have been sold to date. Under the terms of the IID's Water Conservation and Transfer Project, an additional 2,100 acres of these surplus lands have been designated for a managed marsh complex which is currently under construction and will be transferred to US Fish & Game. The completed sales have been at prices apropos to their quality evidencing a stable farmland market. There is good demand for the remainder 22,000 acres of land primary from investors and renewable energy developers*

## IMPERIAL VALLEY

Local market participants appear to be more active in the current market reflecting generally good returns. There is significant price discrimination between classes of land. Prices paid for produce quality land has soften, lesser quality land languished on the market until sold at a modest price levels. Land prices appear to be in the process of seeking an appropriate level with better quality land clustering around the \$6,000 to \$7,500 per net acre range.

**2008**

***SOUTHERN INLAND VALLEYS - REGION 7***

<b>LAND USE</b>	<b>VALUES PER ACRE</b>	<b>ACTIVITY / TREND</b>	<b>RENT RANGE</b>	<b>ACTIVITY / TREND</b>
<b><i>PALO VERDE VALLEY</i></b>				
Irrig. Field Crops/Produce	\$7,500 - \$10,000	Moderate / Stable	\$175 - \$268 / AC.	Moderate / Stable
<b><i>IMPERIAL VALLEY</i></b>				
Good Adaptability (Produce)	\$6,000 - \$8,500	Limited / Stable	\$200 - \$350 / AC.	Moderate / Stable
Average Adaptability (Alfalfa)	\$3,000 - \$5,000	Limited / Stable	\$125 - \$200 / AC.	Moderate / Stable
Limited Adaptability	\$2,000 - \$4,000	Limited / Stable	\$75 - \$125 / AC.	Limited / Stable
Organic Farms	\$6,000 - \$8,500	Limited / Stable	\$200 - \$400 / AC.	Active / Stable

2009

*SOUTHERN INLAND VALLEYS - REGION 7*

LAND USE	VALUES PER ACRE	ACTIVITY / TREND	RENT RANGE	ACTIVITY / TREND
<i>PALO VERDE VALLEY</i>				
Irrig. Field Crops/Produce	\$6,500 - \$11,500	Moderate / Stable	\$150 - \$ 250	Moderate / Stable
<i>IMPERIAL VALLEY</i>				
Good Adaptability (Produce)	\$5,500 - \$7,500	Limited / Stable	\$200 - \$ 350	Moderate / Stable
Average Adaptability (Alfalfa)	\$3,500 - \$5,500	Limited / Stable	\$125 - \$200	Moderate / Stable
Limited Adaptability	\$2,500 - \$3,500	Limited / Stable	\$75 - \$125	Moderate / Stable
Organic Farms	\$5,500 - \$7,500	Limited / Stable	\$200 - \$400	Moderate / Stable