

MARICOPA COUNTY, ARIZONA

General Real Estate Market Comments:

Rural (Non-metro): These rural/farmland markets saw a relatively stable amount of sales activity in 2001, as compared to the prior year. With relatively weak cotton, grain, and milk prices in 2001 and early 2002, most farmers and dairymen could not afford to expand their leased or fee land holdings, unless they had 1031 Exchange funds available to replace the farms or dairy sold, or strong equity positions for borrowing. The primary purchasers of farmland in the non-metro areas are farmers expanding or relocating, dairymen purchasing for future relocation/expansion, with some minor to modest long term investor activity closer to the metro fringe areas.

Farmland sales activity and price trends for the balance of 2002 will likely remain at 2001 levels, we do not anticipate any significant upward trends at this time.

As we start 2002, cotton, grain and milk prices are reasonably close to the same price patterns as this time last year. Hay prices are stronger than a year ago.

2001 saw a relatively flat trend in cash farmland rental rates in Maricopa County.

The following table provides a general farmland sale price and rental rate range and trend for 2001 and early 2002, in the major irrigation districts or farming areas of Maricopa County, as well as current water and assessment charges:

Irrigation District	Water Source/Cost	Sale Price per Acre	Sale Price Activity/Trend	Rent Range per Acre	Rental Activity/Trend
Salt River Project	Surface \$10/AF Pumped \$33/AF \$20/ac. Asses	\$35,000 to \$100,000+ (demand for development)	Strong/Up (Non-Ag Influence)	\$150 to \$200, But higher if suitable for specialty crops	All Rented /Stable to increasing slightly.
Buckeye I.D. (Metro Fringe & Non-Metro)	Surface/Effluent \$13/AF (Could go up.) \$6/ac. Assess.	\$5,000 to \$17,500 (Farmer/ Dairymen & residential development)	Strong/ Increasing	\$150 to \$200+	All Rented/ Stable to increasing slightly.
Roosevelt I.D. (Metro Fringe & Non-Metro)	Pump and Surface \$20/AF (winter) \$23/AF (summer) \$15/ac. Assess.	\$6,000 to \$60,000+ (Farmer/ Dairymen & residential development)	Strong/ Increasing (Primarily Non-Ag Influence)	\$100 to \$150 is typical range, a few noted to \$175	Good/Stable to slight increases within the range.
Roosevelt W.C.D. (Southeast Valley Metro Fringe Area)	Pump and Surface \$17/AF \$17/ac. Assess.	\$35,000 to \$80,000+ (Developer/ builder/ investor demand)	Strong/Up (Non-Ag influence)	Primarily \$150, some observed to \$200	All Rented/ Stable to increasing slightly as dairy feed demand and metro absorption influence competition.
Harquahala Valley I.D. (Non Metro)	Pump and excess C.A.P. \$37.50/AF \$9.86/ac. Assess.	\$1,100 to \$1,500 (Farmer & water right investors)	Static to decreasing activity/Stable prices. (Ag demand)	\$35 to \$100 Varying w/Gov. payment \$65 to \$75 is typical	20% Idle/Stable when compared to prior years.
Queen Creek I.D. (SE Valley Metro Fringe Area)	Pump and C.A.P. \$32/AF. \$10/ac. Assess.	\$15,000 to \$35,000 (Invest/dev. demand)	Strong/Up (Suburban Non-Ag influence)	\$60 to \$100	Good/Stable.
Maricopa Water District (NW Valley Metro Fringe Area)	Surface & Pump \$36/AF \$6/AC Assess.	\$10,000 to \$15,000 w/in Noise Zones; \$24,000 to \$50,000 out. (Invest/dev. demand)	Strong/Up (Suburban Non-Ag influence)	\$60 to \$100	Good/Stable
Desert Pump Farms (Non-District, rural - SW County)	Pump (Shallow to Deep Lift) \$7 to \$50/AF No Assess.	\$800 to \$1,600 (Varying w/ water costs & supplies, location.)	Minor/Stable	\$75 to \$150 Varying w/Gov. payments and water cost, \$75 to \$125 is typical	Stable.
Paloma Irrigation & Drainage District	Surface Diversions & Pump No Assess \$20/AF	\$800 to \$1,400	New District and Break-up of the Paloma Ranch	\$25 to \$100	New Activity will Start in 2003.

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