

Southeast Arizona

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Cochise County Center Pivot Irrigated Land Values Prices and Rents per wet acre

- After a long stabilized market, prices started moving upward from about \$1,100/wet acre in 2002 in Cochise County.
- Prices accelerated from about \$1,400/wet acre in 2003 to more in 2004 with most sales activity in the area around Kansas Settlement south of Willcox and the Stewart District (including southern Graham County also) north of Willcox.
- However, 2005 found land values accelerating rapidly. Perhaps the ripple effect of the increasing land values in the Maricopa and Pinal counties areas found its way to Cochise County.
- Current prices are over \$3,800/total acre in the Kansas Settlement area and Stewart District. However, there are no quality farms selling in the Stewart District.
- There are several quality farms in the Stewart District that are reportedly offered for sale by the owners at over \$4,000/acre.

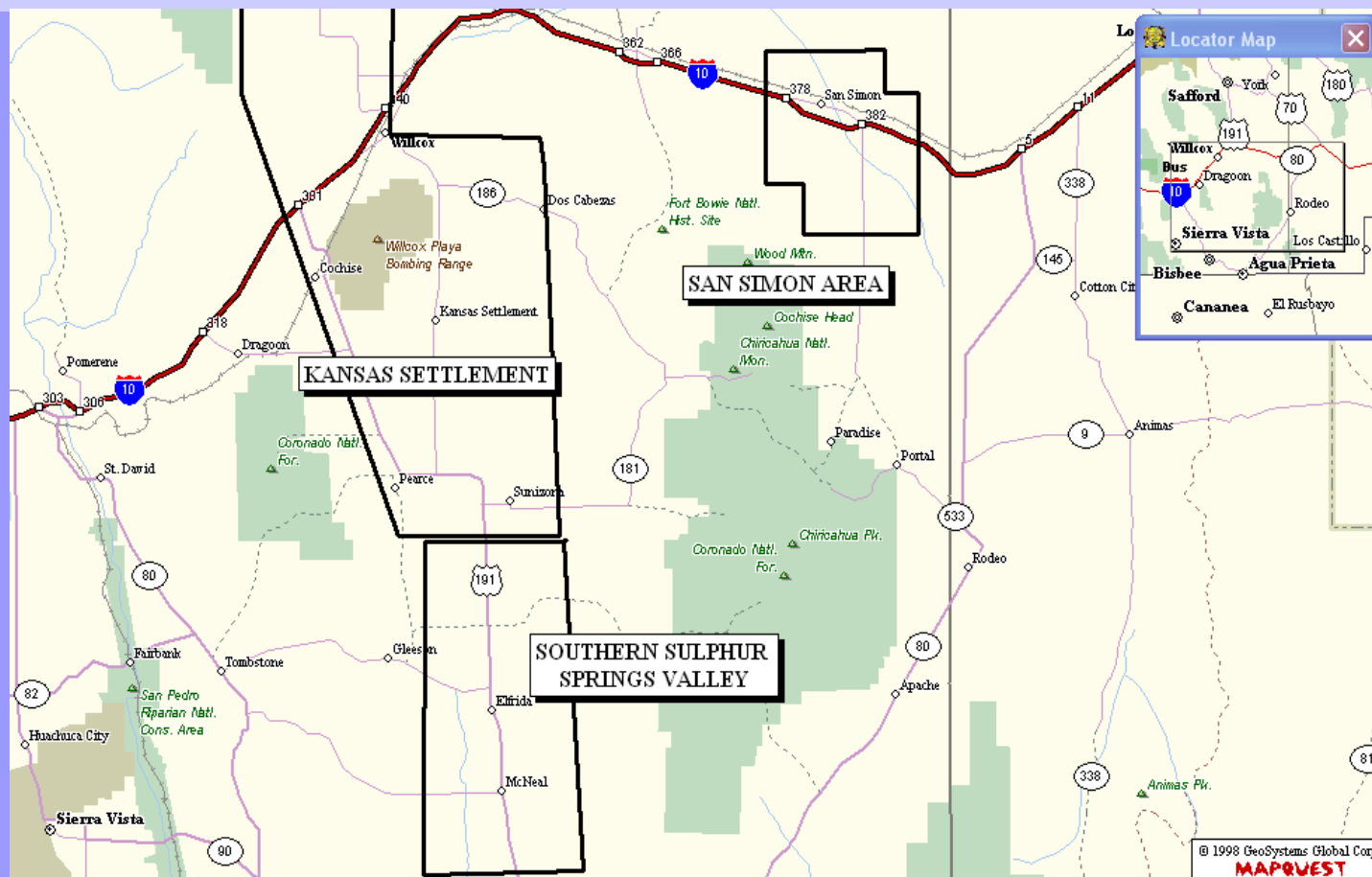
Cochise County Center Pivot Irrigated Land Values Prices and Rents per wet acre

- Rents are holding at \$100 to \$125/wet acre presently. There are several alfalfa farm sales that required a seller leaseback of the farm for 5 years at \$150/wet acre.
- San Simon woke up as one large purchaser purchased several of the area farms and other buyers entered the San Simon market. Prices varied with the individual farm being purchased, but latest sales are over \$3,500/total acre depending on condition and improvements. Rents are few but appear to be holding around \$100/wet acre.

Cochise County Flood Irrigated Land Values Prices and Rents per wet acre

- There appears to be fewer and fewer flood irrigated land sales as more flood irrigated land is converted to center pivot irrigation.
- Most of this activity was in the San Simon and Elfrida areas in 2005. In 2004 and 2005, one large purchaser bought several farms at \$1,500 or more per total acre.
- There were no flood irrigated sales in 2006 in the San Simon area.
- The area north of Willcox in the Stewart District saw old apple orchard land selling for \$1,000 plus per acre and the purchaser converting it to center pivot irrigation in 2004 and 2005.
- There were sales of two flood irrigated or partially flood irrigated farms for over \$2,800/acre in 2006 in the Stewart district in 2006.
- Rents are stable at \$75/acre in San Simon area for flood irrigated land.
- The sales activity on flood irrigated land in the area between Elfrida and Sunizona in the southern portion of the Sulphur Springs Valley in Cochise County has slowed and there are only a few 40 acre parcels that sold.
- Prices jumped to \$525 to \$1,375/total acre on abandoned and idle farms along the U. S. Highway 191 corridor. One property was purchased at \$1,563/acre in May and is in escrow for \$3,000/acre and it has no well equipment. This sales activity has slowed also although there are a few sales in escrow at \$2,000/acre or more. Rents are scarce and vary from \$35 to \$75/acre

Cochise County



Other Cochise County Areas Land Values

- Speculation and investment opportunities that drove prices for range land and smaller tracts suitable for residential development up appear to have slowed. Land around Pearce and Sunsites escalated in value from about \$1,000/acre in 2004 to over \$5,000/acre along the U.S. 191 corridor in 2005 and only a few sales were over \$5,000/acre in 2006. Many sales started around the first of 2005 at \$1,000/acre, resold for \$3,000 or more per acre, and are still offered for sale or are in escrow at around \$5,000/acre or more.

Other Cochise County Areas Land Values

- Benson saw a rush for larger tracts of patented land that can be developed to housing in 2005. Several sales of 40 acre and larger tracts that were prime for residential development sold at prices from \$18,000 to \$25,000/acre. Speculation on irrigated land along the San Pedro River was rampant and land prices were increasing. This may have been due to the fact that there is a large aquifer in the lower San Pedro River Valley that a recent study stated could provide water to some of the water short Sierra Vista areas. Land prices were in the \$4000 to \$5000/acre range in late 2004. Those same tracts were selling from \$6,000 to \$11,000/acre in 2005.
- As Tucson uses up the remaining fee land around it for housing, there are more persons willing to purchase a home and some acreage near Benson and make the 35+/- mile commute to work. The Benson area was becoming a bedroom community to Tucson and demand for the limited amount of fee land in and around Benson appeared to increase driving up land prices. The housing market came to a standstill in the Tucson area though in 2006 and all sales activity in the Benson came to a halt.

Other Cochise County Areas Land Values

- Sierra Vista, the largest city in Cochise County experienced a population explosion through 2005. Housing was in demand and new construction could not keep up with demand. That market slowed just like the Tucson market though in 2006.
- Portal continues to be the undiscovered diamond of Cochise County and land prices are stable at \$50,000 to \$100,000/acre along the scenic areas adjoining the national forest. There is such limited land, so many potential buyers, and so few sellers that a seller can pretty well ask any price and get it. Some of the land away from the scenic area is up to \$10,000/acre also simply due to high demand and little supply.

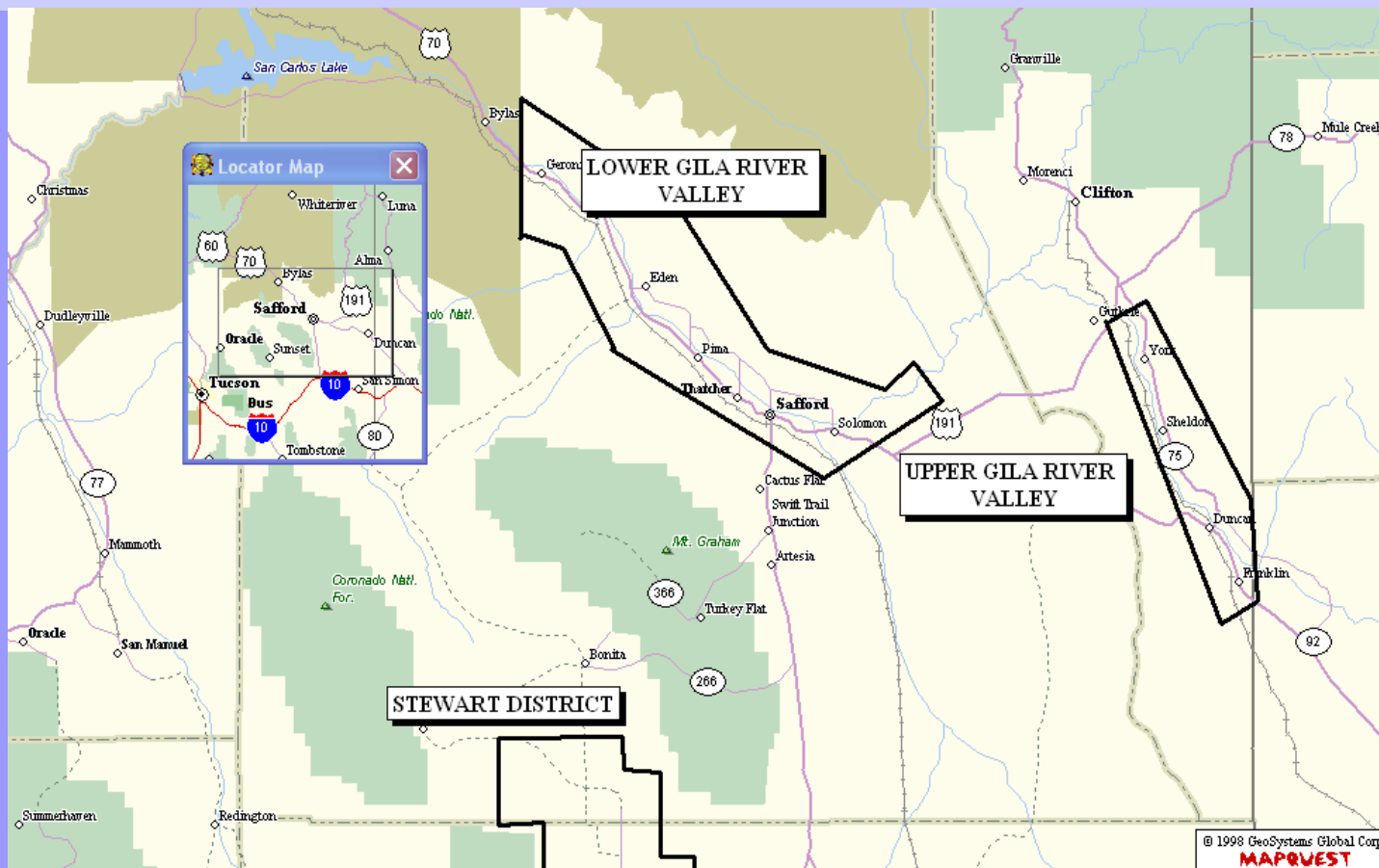
Gila River Valley Graham County Flood Irrigated Land Values Prices and Rents per wet acre

- There were no new sales to report for 2004. However, this all changed in the last half of 2005 as the ripple effect of the land price increases of the Maricopa and Pinal Counties areas crept into the Gila River Valley. Prices increased to over \$3,000/acre for land out of the flood zone and \$2,100 on flood prone farmland. Some sales of rangeland are reported at over cropland prices and most of these are for development.
- Speculation hit the land market in 2006 with Phelps Dodge Corporation announcing the opening of a new copper mine at Safford. Smaller farm tracts from 5 to 80 acres in Safford, Thatcher and Pima soared as high as \$49,000/acre for residential development. A new 129 house subdivision was under construction in Thatcher at the end of 2006. This caused larger farm tracts to increase in value to over \$3,000/acre with some farm land being offered for sale at as high as \$12,000/acre. There has been no slowing observed in this speculative market.

Gila River Valley
Graham County
Flood Irrigated Land Values
Prices and Rents per wet acre

- Rents remained constant at \$100 to \$150/ flood irrigated acre in the Lower Gila River Valley. There is no arms length sales activity in Greenlee County in the Upper Gila River Valley. There are not enough arms length rents to obtain a rent range.

Gila River Valley Graham County



SAFFORD AREA SALES SUMMARY

RESIDENTIAL SALES

SALE #	2	3	4	5	6	7	10
DATE OF SALE	6-Feb	6-May	6-Oct	Current escrow	5-Oct	6-Apr	6-Mar
SALE PRICE	\$722,000	\$600,000	\$575,000	\$647,500	\$4,306,000	\$345,600	\$399,999
SIZE (acres)	18.3	21	15.05	18.5	1,120	19.74	8.38
PRICE PER ACRE	\$39,453	\$28,571	\$38,206	\$35,000	\$3,845	\$17,508	\$47,733
LOCATION	Relation St.	Hwy 191	8 th St & 14 th Ave	20 th St & 8 th Ave	South of Safford	Central	20 th & Golf Course
ACCESS	Excellent	Fair	Excellent	Excellent	Poor	Fair	Very Good
ZONING	Residential	Residential	Residential	Residential	Residential	Residential	Residential
UTILITIES	All available	All on site	All available	All available	Elect & phone near	Electricity & phone	All available

SAFFORD AREA SALES SUMMARY

RESIDENTIAL SALES

SALE #	11	12	13	14	15	16	17
DATE OF SALE	6-Mar	6-Jan	6-Apr	6-Aug	6-Apr	6-Jul	6-Sep
SALE PRICE	\$136,000	\$1,134,000	\$302,000	\$360,000	\$861,300	\$1,290,000	\$997,000
SIZE (acres)	5.1	63.42	6.05	10	34.31	42.43	30.54
PRICE PER ACRE	\$26,667	\$17,719	\$49,917	\$36,000	\$25,013	\$30,403	\$32,642
LOCATION	Central	South of Thatcher	20 th Ave	20 th Ave. & Relation	Thatcher	Thatcher	Thatcher
ACCESS	Fair	Fair	Good	Good	Fair	Fair	Fair
ZONING	Residential	Residential	Multi- Family	Residential	Residential	Residential	Residential
UTILITIES	All Available	Elect & Phone near	All Available	All Available	All Available	All Available	All Available

COMMERCIAL SALES

SALE #	1	8	9
DATE OF SALE	6-May	5-Jan	5-Jun
SALE PRICE	\$205,000	\$1,660,000	\$1,043,426.93
SIZE (acres)	2.6	25	10.64
PRICE PER ACRE	\$78,846	\$66,400	\$98,066
LOCATION	Hwy 191	Safford	Thatcher
ACCESS	Excellent	Excellent	Excellent
ZONING	Commercial	Commercial	Commercial
UTILITIES	All available	All available	All available