



MARKET SNAPSHOT LAND VALUES

March 31, 2022

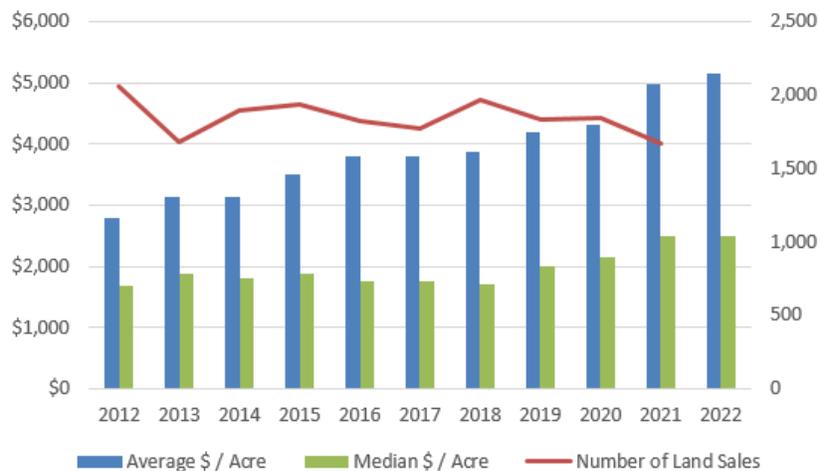
Executive Summary

Northwest agricultural real estate values remain stable to increasing, and the outlook is generally positive. Drivers include rising interest rates, fluctuating commodity prices, rising input costs, and drought conditions, offset by limited supply and continued demand from local and out-of-area investors, producers and residential buyers.

Northwest Region Trend

Demand varies by property type and/or market segment but is generally strong across the region. Sales between landlords and tenants are common and investor interest has increased in some areas, especially for high-quality land. The graph below illustrates farmland values and the number of sales transactions included in the Northwest FCS proprietary real estate sales database. In 2022, there have been 91 land sales with an average value of \$5,162 per acre as of March 21.

Average and Median Land Values and Number of Sales Over 40 Acres for Idaho, Montana, Oregon and Washington



Source: Northwest FCS' proprietary sales database

Land Value Considerations

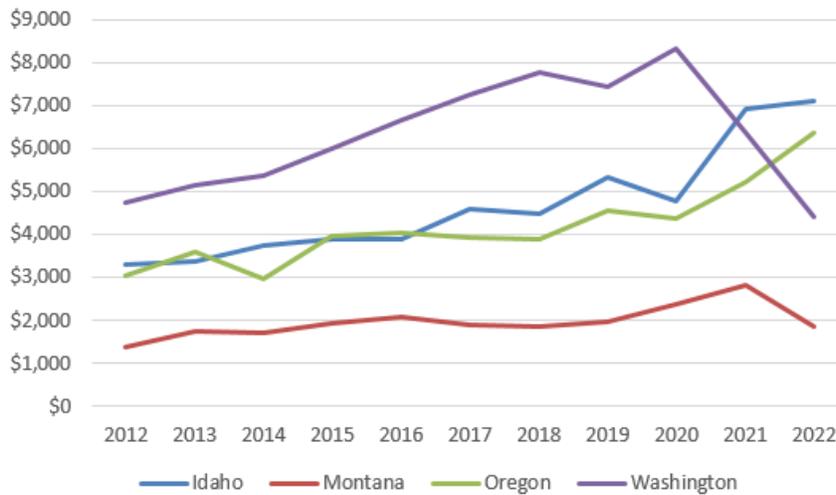
Available land for sale is limited and the overall number of sales declined between 2019 and 2021 (2021 numbers will increase as they are verified), putting upward pressure on values despite concerns by some around weakening commodity prices and prevalent drought conditions. Commodity prices generally strengthened in 2021 and are

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expected to remain strong into 2022; however, input prices are also increasing. The Federal Reserve is expected to incrementally increase interest rates in 2022 and it's unclear how this will impact land values.

Rural areas surrounding population centers have seen increased residential development as working from home becomes more prominent and people relocate out of cities. The graph below shows land values are generally increasing. Decreases in Washington from 2020-21 resulted from a lack of quality properties on the market.

**Average Land Values Per Acre for Transactions Over 40 Acres,
All Property Types**



Source: Northwest FCS' proprietary sales database

Current Supply and Demand for Agriculture Land by State

Washington

- Agricultural investment firms became increasingly prevalent in the vertically integrated tree fruit industry in 2021 and this continued into the first quarter of 2022.
- Land with permanent planting crops have maintained stable values, with marginal properties sold and cleared for re-development and high-quality properties sold at premium prices for continued agricultural production. There are relatively few properties within the middle tier quality range on the market.
- Existing property owners and operators are investing in high value, permanent crops like apples, cherries and blueberries.
- Dry land properties saw values stable to slightly increasing in 2021, with higher investment activity from out-of-area market participants.
- Both supply and demand for irrigated land is strong and values are stable to slightly increasing.
- Rural residential lots of 1-10 acres are in extremely high demand as urban home inventories remain low and buyers seek to leave crowded population centers.
- Western Washington continues to see limited supply of land suitable for agriculture production.

Oregon

- Land values are generally stable to slightly increasing with low supply and strong demand.
- Wider adoption of remote work is increasing rural residential property demand, which is low in supply.
- In the Willamette Valley, suitable permanent plantings are a major driver for land values.
- Central and Eastern Oregon have seen strong demand for ranch properties.

Montana

- The quantity of real estate sales has increased over the past two years, including small acreage rural residential properties and recreational properties of all sizes. Available inventory offered on the open market has decreased and prices are generally stronger but dependent on the area and property type.
- Demand for high-amenity ranch properties continues to be strong. Several large, high-profile ranches sold in the second half of 2021, two of which were reported as the highest priced ranch sales in state history.
- Some major real estate firms report the strongest interest in ranch real estate in over ten years.
- Real estate demand from out-of-state buyers is strong, especially for small tracts.
- Montana is entering the second year of what appears to be an intense, extended drought. Conditions are most severe in the east and concerns around soil moisture going into the 2022 growing season are high.

Idaho

- Drought conditions pressured operators and caused concerns over water availability in 2021. With below average snowpack in the southern half of the state, more moisture is needed for a strong 2022 season. Long-term water supply and aquifer recharge remain a factor in southern and eastern Idaho.
- Despite extreme volatility in commodity prices, agricultural land continues to be in high demand and land values remain strong statewide.
- Farm ground near cities/towns are being developed to accommodate steady population increases.
- According to the Federal Housing Finance Agency, Idaho saw a 27% year over year gain in single-family home prices in 2021, the third largest in the nation, largely due to strong demand from out-of-state buyers (whose purchasing power is greater than locals) and limited supply. This is leading to development of farm ground near cities and towns and continued demand from investors.

Share your feedback! [Click Here](#) to complete a two-minute survey about this Market Snapshot resource.

About Northwest FCS Appraisal Services

Northwest FCS appraisers provide appraisal services on rural properties throughout the Northwest. The Appraisal Services team continually researches sales and tracks market data throughout 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 detail for specific areas or land types. The report should not be used to identify a value for a specific property. This information is limited only to an analysis of trends in identified land values within the geographic area served by Northwest FCS.

Learn More

For more information or to share your thoughts and opinions, contact the Business Management Center at 866.552.9193 or bmc@northwestfcs.com.

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