

# Water Market Insider

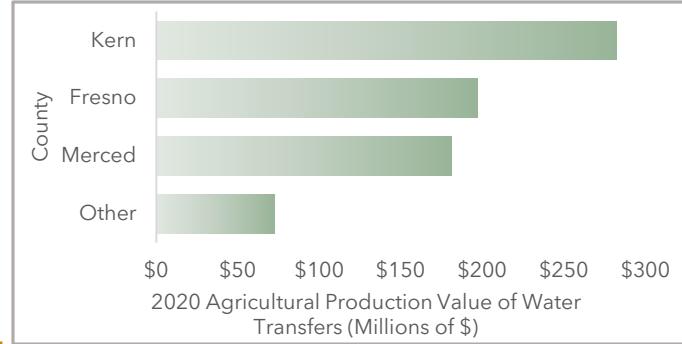
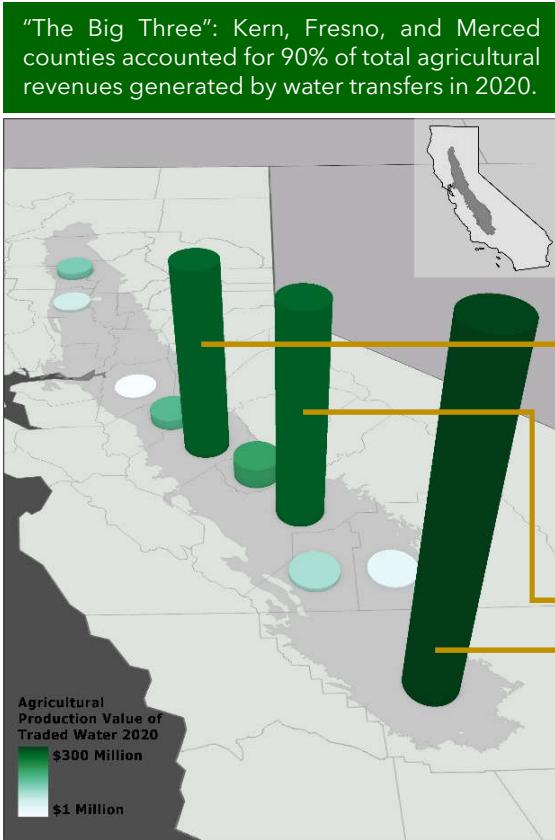
**WestWater Research is the leading economic and financial consulting firm in the water industry.**

## California Farm Revenues Rely Heavily on Water Transfers

Agriculture is big business in California, producing one third of the vegetables and two thirds of the fruit and nuts grown in the United States. In 2019, agricultural revenues statewide topped \$50 billion<sup>1</sup>. California is also home to the most active water market in the Western United States. So, what role do water transfers play in agricultural production values?

**In 2020 agricultural water transfers generated over \$730 million in farm revenues.**

Due to water supply constraints in California, many agricultural producers rely on water transfers to meet irrigation needs and ensure viable crop yields. Water transfers allow some producers to avoid revenue losses that would otherwise occur due to insufficient water supplies.



### Merced County

Volume of Water Transferred to Ag: 152,000 AF  
Revenue per Unit of Irrigation Water: \$1,187/AF  
**Production Value of Water Transfers: \$181**

### Fresno County

Volume of Water Transferred to Ag: 87,000 AF  
Revenue per Unit of Irrigation Water: \$2,257/AF  
**Production Value of Water Transfers: \$197**

### Kern County

Volume of Water Transferred to Ag: 148,000 AF  
Revenue per Unit of Irrigation Water: \$1,900/AF  
**Production Value of Transferred Water: \$282**

The average value of agricultural production per unit of transferred water in California increased by 134% over the last decade, or by over \$900 per acre-foot (AF)<sup>2</sup>. This rise in agricultural production value is tied to the increased production of high value perennial crops like tree fruits and nuts, which have huge and inflexible water demands. As the cultivation of high value crops continues to expand across the state, the importance of California's water market as a tool for agricultural producers to meet irrigation demands and realize revenues is also likely to grow.

<sup>1</sup> CA Department of Food and Agriculture (2019).

<sup>2</sup> WestWater Research recently published findings estimating the revenue associated with agricultural irrigation in counties across the Western US.