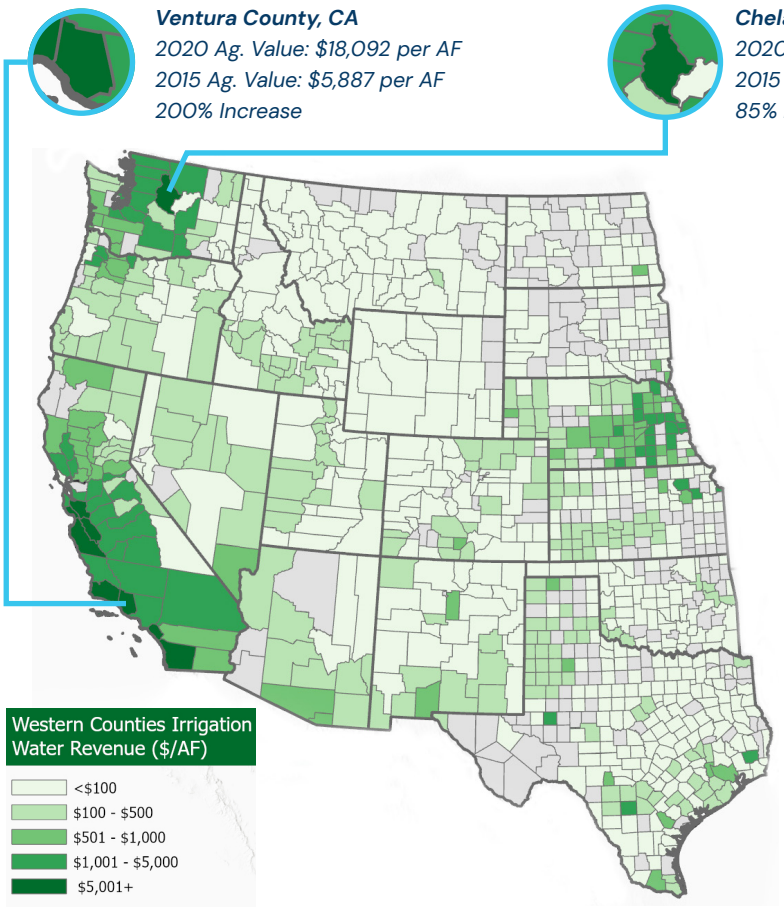
Water Market Insider

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

Divergence in Agricultural Water Use Values

Irrigated agriculture is an important component of the Western U.S. economy and is often the economic driver in rural areas. In total, the Western states annually see about $50 billion of agricultural sales related to irrigation. Recent trends in the Western U.S. toward high-value and capital-intensive crops that depend on irrigation are changing the importance and value of water in agriculture, and such changes have important implications for water trading and water market prices.

Parts of California and Washington continue to have highest values for water used in agricultural production. The increase in water value in these two states has largely tracked with an expansion in permanent and high-value crops such as almonds, pistachios and tree fruits. These states have also seen rises in water prices and an uptick in agricultural water purchases. The experience of these two states may have broader implications for water prices in other parts of the West as commodity prices rise with improved trade relations globally and as the impacts of COVID work through agricultural supply chains. A rise in agricultural water values will drive water market prices.



	Estimated Agricultural Water Use Value ($/AF)		Estimated Agricultural Production Value from Irrigation ($Million)		Estimated Annual Agricultural Water Use (Million AF)	
STATE	2020	2015	2020	2015	2020	2015
AZ	$330	$378	$1,019	$1,013	3.09	2.68
CA	$1,564	$1,188	$32,418	$28,596	20.73	24.07
CO	$86	$88	$879	$900	10.19	10.26
ID	$168	$176	$2,643	$2,717	15.77	15.43
KS	$204	$222	$500	$594	2.45	2.67
MT	$32	$34	$296	$263	9.12	7.65
NE	$769	$1,121	$4,753	$6,726	6.18	6.00
NV	$166	$206	$274	$328	2.36	1.59
NM	$218	$166	$537	$457	2.47	2.75
ND	$127	-	$13	$0	0.10	0.00
OK	$85	$151	$78	$60	0.91	0.40
OR	$242	$185	$1,305	$1,024	5.40	5.52
SD	$214	$74	$38	$18	0.18	0.24
TX	$261	$219	$1,287	$1,398	4.93	6.38
UT	$136	$136	$452	$484	3.33	3.56
WA	$1,578	$1,081	$4,125	$3,186	2.61	2.95
WY	$26	$63	$231	$310	8.81	4.96
TOTAL			$50,848	$48,073	98.64	97.11

Note: 2015 values based on 2010 USGS water use data and 2012 USDA Ag. Census; 2020 values based on 2015 USGS water use data and 2017 USDA Ag. Census. Agency reported data values were modified for consistency and specificity to irrigation water use.

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