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AGRICULTURAL FINANCE & INVESTMENTS

# U.S. AGRICULTURE & TIMBER MARKET

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2026 Update



For Professional and Institutional Investors Only. All investments involve risk, including the possible loss of capital.

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# EXECUTIVE SUMMARY

The U.S. agricultural sector remains one of the largest, most productive, and innovative systems globally. While overall performance within the agricultural economy has varied significantly by commodity and region, the sector has demonstrated financial resilience despite ongoing challenges related to trade policy uncertainty, immigration, increased input costs, weaker commodity prices, and inflationary pressures that have influenced consumer spending behavior. Although 2026 began with heightened volatility due to emerging geopolitical risks, the United States continues to be a leading force in agricultural trade and consumption.

Our latest annual publication explores some of the latest developments in the sector.



**Agricultural producers and marketers have demonstrated notable resilience in the face of volatile market conditions.** The performance of some sectors like grain and oilseeds has been weaker due to global oversupply, which has put pressure on commodity prices. However, government financial support through Farmer Bridge Assistance payment programs may offer interim relief for those growers experiencing persistent economic challenges. While market conditions for other permanent crops like wine grapes and apples remain soft, economic conditions for tree nut growers have improved due to better pricing and stable shipment activity, which has provided some relief in the industry.



**Ag trade dynamics are changing for U.S. exporters.** Trade flows continue with the United States as a major source of agricultural products to various regions across the world. The impact of lower exports to China is shifting ag trade dynamics. The value of U.S. ag exports is projected to continue expanding in the Western Hemisphere, Europe/Eurasia, and Africa to offset declines to Asia, mainly to China. The rapid devaluation of the U.S. dollar against major currencies around the world has provided some support for exports of U.S. agricultural products. The expansion of markets through agribusiness trade missions will remain an important strategy to increase opportunities for farmers to supply other regions with high-quality products where the United States has competitive advantages. Long-term agricultural imports are expected to continue growing despite a slowdown projected in fiscal year 2026 – the first one in more than two decades.



**New geopolitical risks and the impact of real tariffs continue to create uncertainty in the agricultural industry, with higher volatility expected in 2026.** Agricultural input costs have remained at elevated levels, although some moderation has occurred since the post-pandemic price surge. The recent sharp escalation in oil prices, attributed to the U.S. conflict with Iran, may further affect producers' expenses, including fertilizers, while profit margins continue to be constrained across several factors. Labor conditions are generally stable, with an increasing number of farmers utilizing the H-2A guest worker visa program. In 2025, regulatory changes introduced a new methodology for determining H-2A wage rates, resulting in reduced wage calculations that differ by state.



**Most regions have few high-quality institutional properties available for sale.** There is still a notable disparity between buyer's and seller's valuation expectations in some agricultural sectors (i.e. tree nuts, row crops). Farmland investors may face capital limitations or caution in deploying capital amid market uncertainty in various commodity industries in the current buyer's market. Market volatility is bringing back other types of investors with a higher appetite for real assets.

## EXECUTIVE SUMMARY (CONTINUED)



**Consolidation in the ag supply chain could increase over the long term.** Mergers and acquisitions among seed suppliers and fertilizer producers have increased, with regional players consolidating to enter markets that offer greater market share and higher returns. Major corporations such as John Deere, Syngenta, CNH Industrial, Deveron, and Nutrien continue to act as strategic acquirers of products, companies, and emerging technologies that can be integrated into their platforms – a trend that is expected to persist.



**Ag tech venture deal activity has continued to trend down from the record capital allocated to this sector in 2021-22, which reached an estimated \$14 billion.** Venture capital for growth companies in the ag tech space has been reported to slow down as commercial validation, return on capital, the path to profitability, and exit have taken longer than expected. In 2025, an estimated \$6-7 billion in deal activity was completed with higher capital allocation in the farm automation and equipment (drones and farm robotics), animal ag (animal biotech, aquaculture, livestock and land animal technology), and crop nutrients (genetics, bionutrients, biocontrol) categories, as well as in precision ag (plant data and analysis and imagery analytics).<sup>1</sup>



**The Make America Healthy Again (MAHA) movement and the new dietary guidelines have brought more attention to the correlation of good diets with healthy living.** “Real food is in – ultra processed food is out.” While eating behaviors for American consumers could take time to change, this shift could have positive implications for producers of fresh fruit and vegetables – a core pillar in the new food pyramid. Other beneficiaries of this movement could be animal protein producers, tree nut producers, and dairy farmers. From a supply chain standpoint, cold chain logistics and refrigerated retail could also benefit as well as new food service concepts. The conversation about food and health continues to increase as major changes to reformulations of ultra processed products is underway.

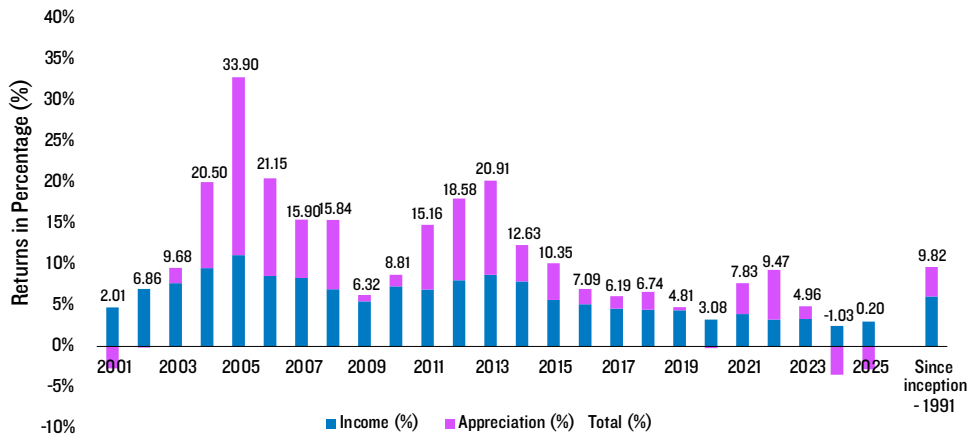


# GENERAL AGRICULTURE OVERVIEW

## NCREIF Farmland Index

- **The NCREIF Farmland Index (NFI)**, an index published by the National Council of Real Estate Investment Fiduciaries (NCREIF), which tracks the returns of the farmland assets owned by major agricultural institutional managers, ended 2025 with a total market value of \$16.2 billion across 1,035 properties throughout the United States. Annual cropland properties accounted for 67% of the total value of the index, with a market value of \$10.80 billion and including 703 properties. The remaining 33% of the value of the index, which stands at \$5.41 billion, is allocated to the 332 properties in the permanent cropland category.
- In 2025, the farmland index posted total returns of 0.2%, which included an income return of 3.05%, but a negative appreciation return of -2.8% (Figure 1). Despite some challenging market conditions in various agricultural sectors, last year's result reflects again a positive return after posting the first ever negative return in 2024. In 2025, mixed performance was observed between annual row crops and permanent crops as outlined below:

Figure 1. Historical NFI Total Returns, 2001-25



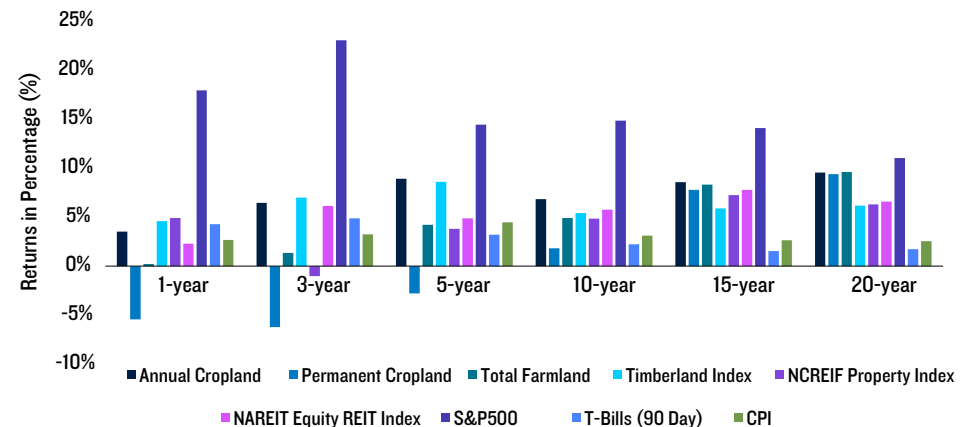
Sources: NCREIF Farmland Index, NCREIF Property Index, NCREIF Timberland Index.

REF ID 023674 | Projections and forecasts are not guaranteed and may not be a reliable indicator of future results.

- **Annual cropland:** Within this sub-category, major grains and oilseeds account for 55% of the total value of the sub-index (\$5.95 billion), followed by other annual row crops (i.e. potatoes, cotton) at \$3.54 billion and fresh produce at \$1.2 billion. In 2025, annual cropland generated total returns of 3.52%, based on an income return of 2.99% and appreciation return of 0.52%. The total return was down from 5.66% in the prior year and the lowest return since the inception of the index in 1991. While income returns were positive and relatively in line with the prior year, appreciation returns ended at the lowest levels since 2001. Row crop operators continue to face challenges with persistently low commodity prices, driven by a combination of global oversupply in major grains and other row crops, ongoing trade disputes with key buyers of U.S. agricultural products, and generally weaker market conditions amid abundant inventories.

Despite these short-term results, over the past 3, 5, 10, 15, and 20 years, total returns for annual cropland have exceeded other indexes like the NCREIF Timberland Index, NCREIF Property Index, National Association of Real Estate Investment Trusts Equity Index (NAREIT), and a 90-day Treasury Bills (Figure 2).

Figure 2. Historical Farmland Returns vs Other Indexes, 2006-25



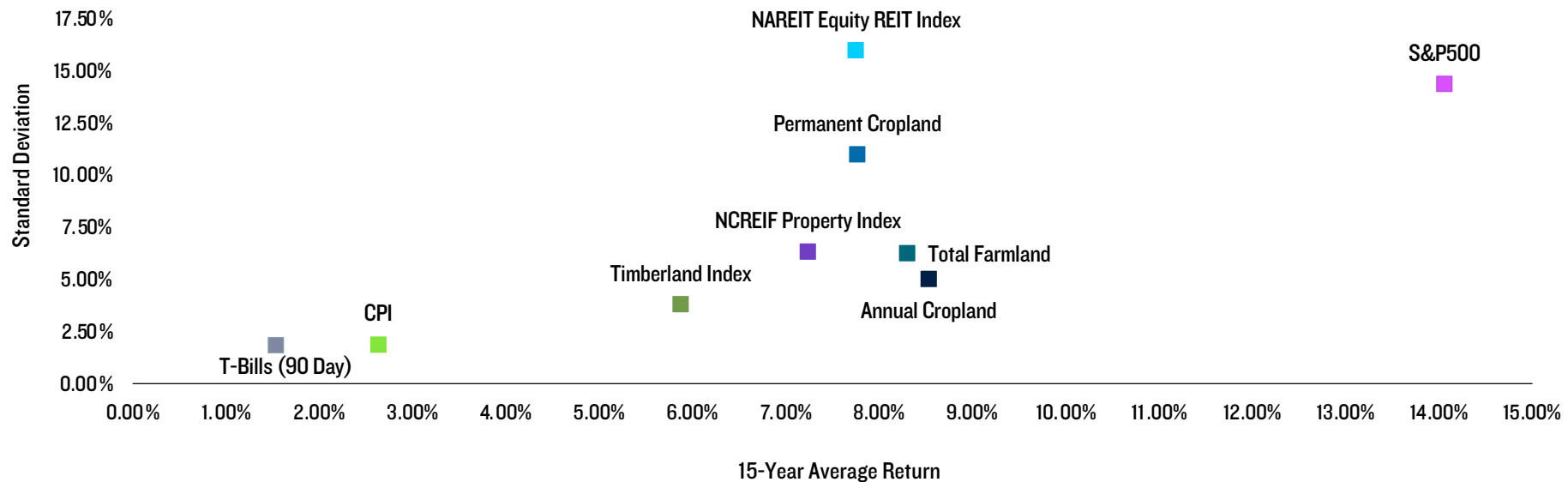
## GENERAL AGRICULTURE OVERVIEW (CONTINUED)

- Permanent cropland:** This sub-index is heavily weighted to wine grape properties, which represents 36% of the value of this sub-index with a total of \$1.95 billion in market value. Other major permanent commodities in the sub-index include almonds (\$836 million, 15%), pistachios (\$695 million, 13%), apples (\$581 million, 11%), citrus (\$460.9 million, 9%), walnuts (\$222 million, 4%), and berries (\$154.6 million, 3%). Permanent cropland posted a negative total return of -5.43% in 2025 (income returns: 3.24%, appreciation returns: -8.48%). Income returns for most permanent plantings were positive, with the exception of apples (-1.54%), as the industry has faced several years of strong production levels while slower demand has created an environment of higher inventory levels for packers and marketers. Income returns were strong for pistachios (9.54%), oranges (7.27%), blueberries (6.15%), walnuts (4.33%), and almonds (3.82%).

Among the permanent plantings, the largest negative appreciation return was observed in the wine grape category at -12.98% as supplies continued to exceed overall consumption. Negative appreciation was also experienced for apples (-8.74%), walnuts (-8.33%), almonds (-8.0%), and other citrus – excluding oranges – (-6.39%), while appreciation for oranges ended positive at 2.51%.

- Over the past 15 years, NFI has generated total returns of 8.3%, comprised of 5.01% in income returns and 3.2% in appreciation returns (Figure 3). During this period, the NFI outperformed the NCREIF Property Index (NPI) by 106 basis points (bps), the NCREIF Timberland Index by 243 bps, and the NAREIT by 55 bps. Institutional investors, private funds, family offices and farming operations remain focused on the long-term performance of real assets and the need to have an allocation in their portfolio as a means of diversification and to hold value for an asset that has limited supply growth.

Figure 3. 15-year Annualized Returns Against Volatility for Selected Indexes, 2011-25



Sources: NCREIF Farmland Index, NCREIF Property Index, NCREIF Timberland Index.

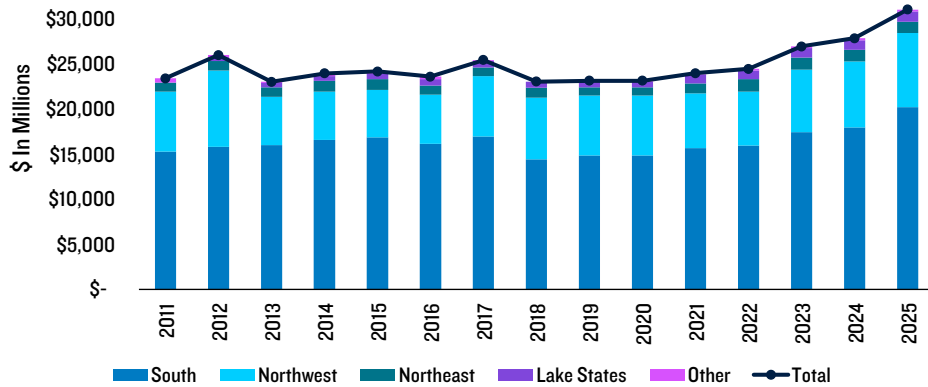
GENERAL AGRICULTURE OVERVIEW (CONTINUED)

NCREIF Timberland Index

- The **NCREIF Timberland Index (NTI)**, an index that tracks the performance of the timberland sector managed by institutional managers, ended 2025 with a new record market value of approximately \$31.07 billion, 13.44 million acres across 451 major investments, and an average value of \$2,311 per acre. Over the past 15 years, the market value of this index has grown 33% from \$23.4 billion in 2011 to \$31.07 billion last year (Figure 4). The index divides the regions into four major areas: the South, which accounts for 65% of the total value of the NTI, the Northwest at 26%, the Northeast at 4%, and the Lake States at 4%.

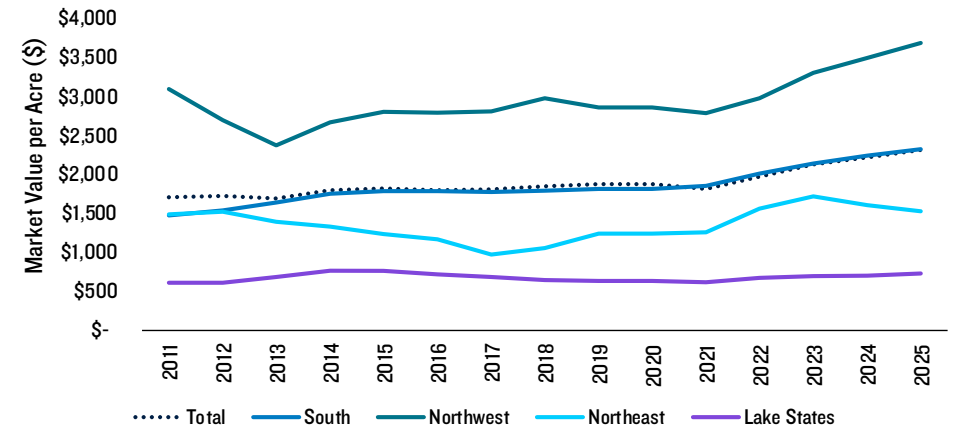
- In terms of acres, of the total 13.44 million acres in the index, 8.72 million acres are located in the South, 2.23 million acres in the Northwest, 1.55 million acres in the Lake States, 820,000 acres in the Northeast, and the remaining 111,000 acres across other secondary regions within the United States.
- The average market value per acre in the Northwest continues to exceed the value in other regions at \$3,681 per acre in 2025, whereas the value in the South, Northeast, and Lake States ended at estimated values of \$2,311, \$1,526, and \$730 per acre, respectively. Over the past five years (2021-25), the value per acre in these regions has grown at much faster rates compared to prior years. The Northwest region has experienced a five-year annual growth rate in value at 7.2%, followed by 5.8% for the South, 5% for the Northeast, and 4.3% for the Lake States. During the same period, the annual growth rate on a consolidated basis for all regions has been 6.3% (Figure 5).

Figure 4. Historical Market Values for the NCREIF Timberland Index, 2011-25



Source: NCREIF Timberland Index.

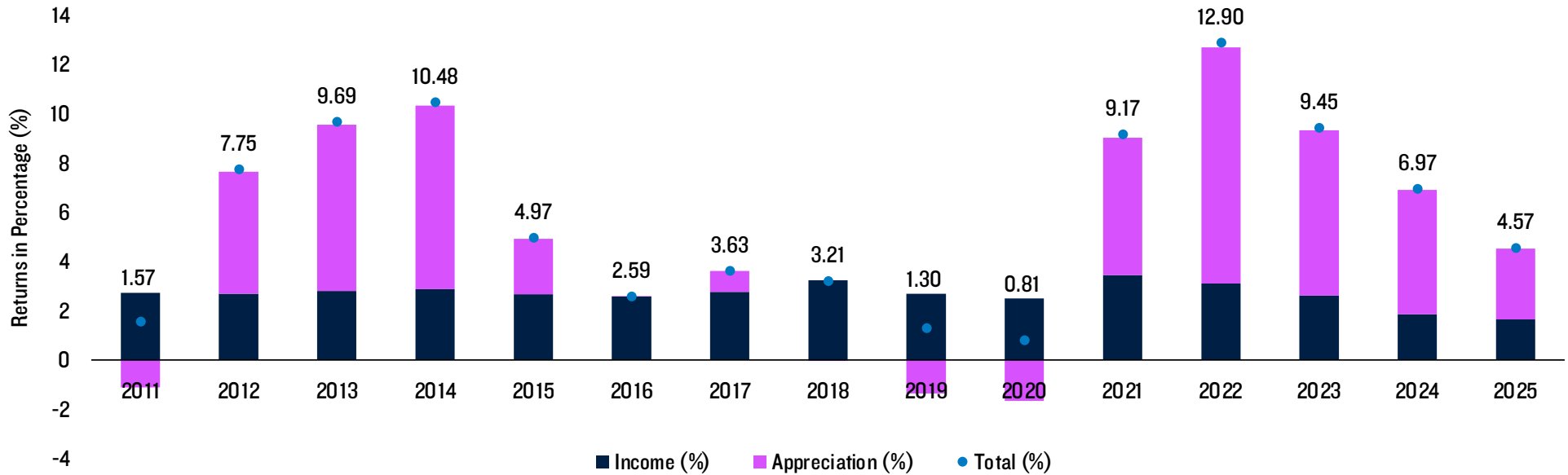
Figure 5. Historical Market Values per Acre for Timberland Acres by Region, 2011-25



## GENERAL AGRICULTURE OVERVIEW (CONTINUED)

- In 2025, total annualized returns for the NTI ended at 4.57%, consisting of EBITDDA return of 1.65% and appreciation return of 2.88%. Last year was the fifth consecutive year the NTI has exceeded the returns of the NCREIF Farmland Index, which was driven mainly by stronger appreciation returns (Figure 6). EBITDDA returns in 2025 marked the fifth straight year of declines and the lowest since 2009. However, over the past 15 years, NTI has posted total annualized returns of 5.87%, consisting of EBITDDA and appreciation returns of 2.68% and 3.13%, respectively, providing stability to institutional investors that continue to favor the long-term fundamentals of real assets as part of diversification strategies.
- On a regional basis, total returns in the South posted the highest returns in 2025 at 6.04% (EBITDDA: 1.9% and appreciation: 4.08%), compared to the Northwest at 2.53%, Lake States at 4.06% and the Northeast at -3.19%. In addition, timberland investment returns in the South have outperformed the returns in other regions over the past five years. The South has generated total returns of 8.85%, followed by the Northwest (8.68%), Lake States (7.38%), and Northeast (5.51%).

Figure 6. Historical Total Returns for NTI, 2011-25



Source: NCREIF Timberland Index.

## GENERAL AGRICULTURE OVERVIEW (CONTINUED)

## AG Trade

- U.S. agricultural trade** is forecast to have a deficit balance of \$37 billion in fiscal year 2026 (Figure 7), down 15% from the record \$43.7 billion in 2025. Total ag exports are projected at \$173 billion, a slight decline (-1.5%) from the \$175.6 billion in the prior year. Over the past 15 years, U.S. ag exports have grown at an annual rate of 1.7%. Ag imports are projected to decline for the first time in over 15 years to \$210 billion, down 4.3% from fiscal year 2025. While this decline was expected due to the current trade tariffs, ag imports remain elevated and above the five-year average of \$196 billion. For the past 15 years, ag imports have grown at an annual rate of 5.2% or almost three times the rate of ag exports, which has contributed significantly to the wider ag trade deficit.<sup>2</sup>
  - On a regional basis, the value of U.S. ag exports to the Western Hemisphere is projected to have an annual increase of ~2% to \$81.9 billion and account for a 47.3% share of total U.S. ag exports. Annual increases are also forecast for Africa (1.5%), with a projected value of \$5.8 billion. Exports to Asia are projected to decline for the fourth consecutive year to \$59.8 billion (34.6%), mainly driven by a 26% decline in exports to China. In addition, lower exports are projected for Europe/Eurasia (-1.1%), the Middle East (-3%), and Oceania (-3%) (Figure 8).
- In 2026, Canada and Mexico will remain the top agricultural trade partners for the United States. The trade deficit with both of these countries is estimated to account for 65% of the total agricultural trade deficit in 2026 (Figure 9). Note that the last time the United States had a positive net trade with both of these countries was in 2012.
- Net trade with Mexico is projected to end at -\$12.6 billion in 2026, down 18% from the 2025 fiscal year and the lowest deficit over the past five years, mainly due to the projected growth (4%) in U.S. ag exports, but also due to lower projected ag imports (-3%) this fiscal year.
- The net trade deficit with Canada is projected at -\$11.4 billion, a decline of 2% from the prior year. Both agricultural imports and exports to Canada are estimated to have an annual decline of ~1%.
- The net surplus balance with China is projected to decline for the fifth consecutive year to a total of \$8.1 billion due to the projected lower exports to this Asian country amid ongoing trade disputes. The lowest trade surplus with China was observed in 2019 when it reached a record low of \$5.94 billion during the first Trump Administration.

Figure 7. U.S. Agricultural Exports, Imports, and Net Trade Balance, 2012-26F

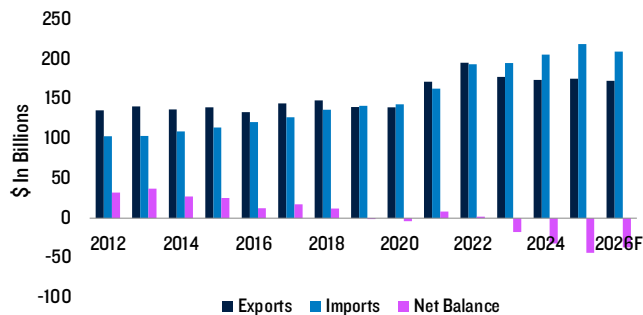


Figure 8. Historical Value of U.S. Agricultural Exports by Region, 2022-26F

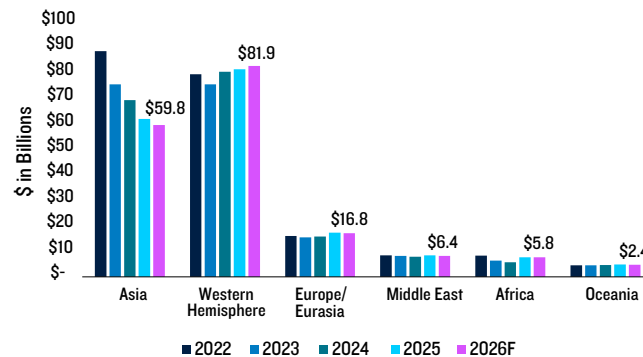
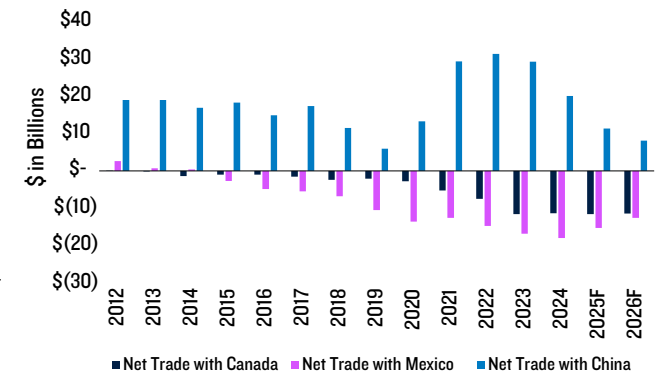


Figure 9. Historical Agricultural Net Trade Balance with Canada, Mexico, and China, 2012-26F



Sources: USDA, NASS, Economic Research Service.

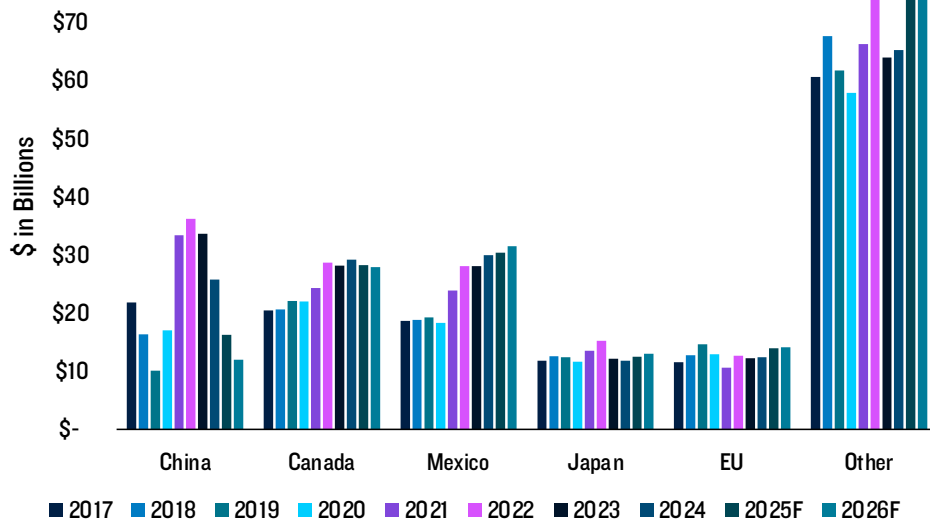
GENERAL AGRICULTURE OVERVIEW (CONTINUED)

- U.S. agricultural exports** are projected at \$173 billion in 2026, down 1.5% from the prior year as continued inflationary pressures in service industries abroad and a glut of major grain commodities are driving down ag exports for some commodity sectors. During the past 15 years, the value of ag exports has increased from \$135.8 billion in 2012 to \$173 billion in fiscal year 2026, reflecting an annual growth rate of 1.7% (Figure 10).

For the third consecutive year, Mexico will rank as the top market for U.S. agricultural exports with a total value of \$31.5 billion or a share of 18.2%. Other major markets include Canada with a share of 16.1% (\$27.9 billion), the European Union at 8.2% (\$14.1 billion), Japan at 7.5% (\$13 billion), and

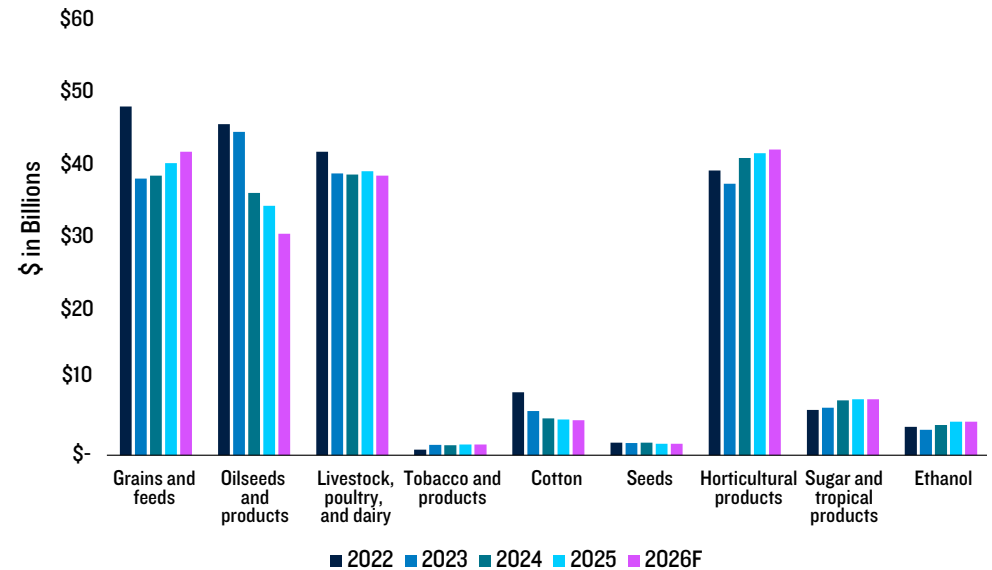
China at 6.9% (\$12 billion). These five countries/regions will account for 57% of the total value of U.S. agricultural exports in 2026, down from a record 64% in 2023. Ag exporters are seeking to diversify into new markets and geographic regions across the world. Ag exports are projected to increase in Japan (+4.4%), Mexico (+3.8%), and the EU (+0.9%), while major annual declines are still projected for China (-26.1%) amid ongoing trade disputes. In 2026, the United States is expected to increase the volume of exports for sorghum (+138%), corn (+6%), soybean meal (+5%), wheat (+4%), beef and pork variety meats (+4%), rice (+3%), and feeds and fodders (+2%). A decline in exports is projected for soybean oils (-65%), soybeans (-13%), and beef and veal, which includes chilled, frozen, and processed meats (-13%) (Figure 11).

Figure 10. Historical Value of U.S. Agricultural Exports to Major Trading Partners, 2017-26F



Sources: USDA, NASS, Economic Research Service.

Figure 11. Historical Value of U.S. Agricultural Exports by Major Sub-Sector, 2022-26F



GENERAL AGRICULTURE OVERVIEW (CONTINUED)

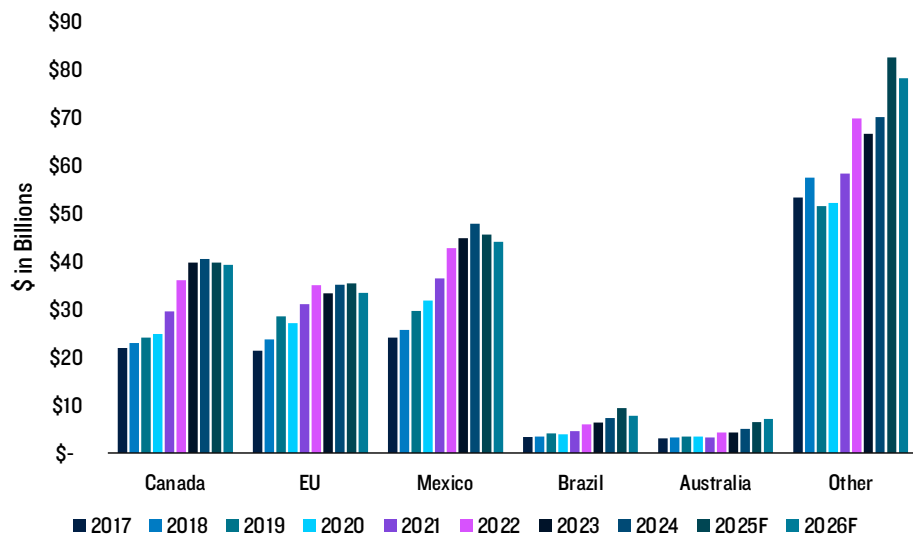
- U.S. agricultural imports** are projected at \$210 billion in value for fiscal year 2026, down \$12 billion or -4.3% lower than the prior year (Figure 12). While the value of imports are expected to decline in 2026, it is still the second highest on record and 10% higher than the five-year historical average (2021-25). In addition, agricultural imports have grown at an annual rate of 5.2% for the past 15 years (2012-26) or approximately 2.9x higher than the rate for agricultural exports. The top three countries/regions that supply agricultural products to the United States in 2026 continue to be Mexico (\$44 billion, 21%), Canada (\$39.3 billion, 18.7%), and the European Union (\$33.4 billion, 15.9%). Ag imports from these countries are forecast to account for 56% of total U.S. agricultural imports.

  - Mexico continues to be the top trading supplier of products to the United States for the 10th consecutive year. A strong U.S. economy, the weaker Mexican peso, cheaper labor and costs of production, and optimal location and logistics, as well as retailers looking to improve their food margins amid inflationary pressure for consumers, are fueling agricultural exports to the United States from south of the border. In fact, the annual growth rate of

ag imports from Mexico over the past 15 years (2012-26) has been 7.4%, compared to the European Union at 5.1% or Canada at 4.9%. This trend is expected to continue despite the potential trade obstacles that both countries may experience with the current administration.

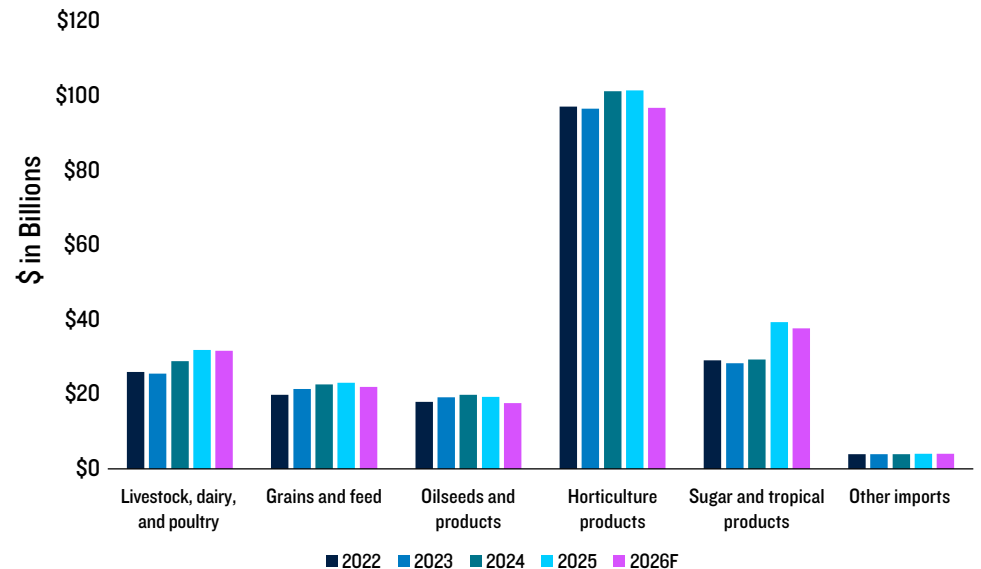
- Other countries that continue to grow the supply of agricultural products to the United States include Australia, Brazil, Peru and Colombia, which have grown their exports by an annual rate of 21.3%, 14.5%, 10.4%, 8.7%, respectively, over the past five years.
- The value of horticulture products is projected at \$96.9 billion or 46% of the total value of agricultural imports, followed by sugar and tropical products (cocoa, coffee) at \$37.7 billion (18% share); livestock, dairy, and poultry at \$31.7 billion (15%); grains and feeds at \$22 billion (10%); and oilseeds and products at \$17.7 billion (8%). In terms of the volume of products, the largest annual decrease in 2026 is expected for cattle and calves (-42%), vegetable oils (-13%), fruit juices (-4%), wine (-3%), and processed vegetables (-3%) (Figure 13).

Figure 12. Historical Value of U.S. Agricultural Imports From Major Trading Partners, 2017-26F



Sources: USDA, NASS, Economic Research Service.

Figure 13. Historical Value of U.S. Agricultural Imports by Major Sub-Sector, 2022-26F



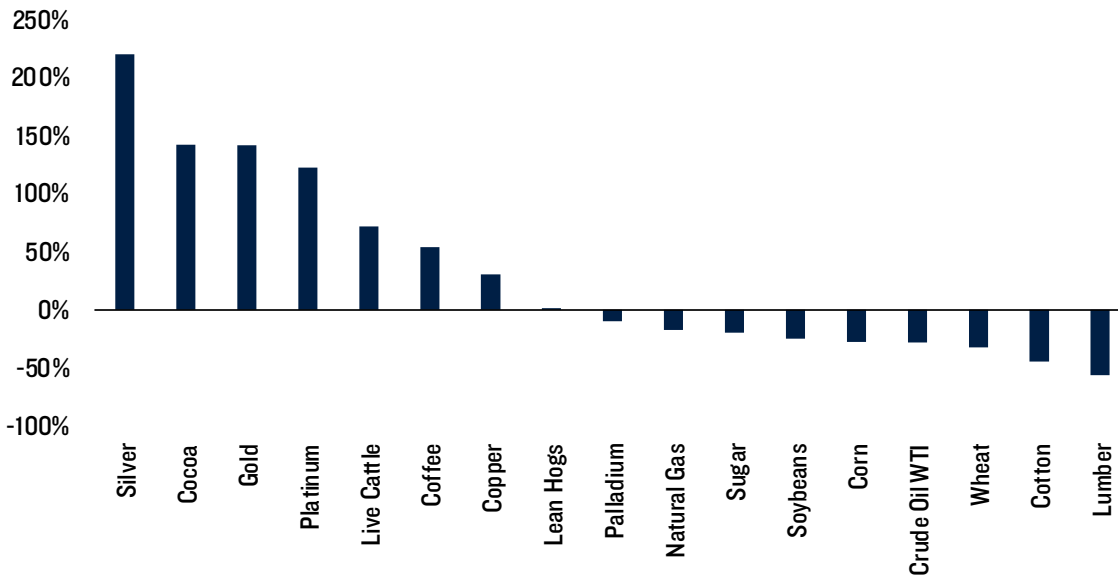
GENERAL AGRICULTURE OVERVIEW (CONTINUED)

### Commodities Performance

Prices for major agricultural commodities, energy, and metals posted mixed performance results in 2025. Metals rose significantly last year while several agricultural commodities experienced weaker prices. Silver had the highest price increase in 2025 at 138%, followed by platinum (+132%), palladium (+85%), gold (+62%), and copper (+41%) (Figures 14 and 15). The strong performance in metals has been driven by investors’ appetites to hedge against financial and geopolitical risks, including trade tensions, U.S. interest rate cuts, a weaker dollar, and a surge in ETF and physical commodities buyers for these types of non-yielding assets. In addition, tight inventories and supply outputs for metals coupled with persistent demand drove prices higher.

In 2025, cocoa prices had the worst performance of all commodities with a decline of -47% after reaching a record high in 2024 of over \$11,100 per metric ton. Over the past five years, cocoa prices have surged by 142% from \$2,420 per metric ton (YE 2020) to \$5,870 per metric ton at the end of 2025 due to supply disruptions in major producing countries located in Africa. Other commodities with declining prices included sugar (-26%), wheat (-7%), cotton (-7%), corn (-5%), and lumber (-1%). Most of the declines are the result of a glut in global production and excess supplies as well as continued inflationary pressures across the world, which has limited demand.

Figure 14. 5-Year Price Change for Selected Commodities, 2025 vs 2021



Source: Wall Street Journal.

Figure 15. Selected Agricultural Commodities and Metals Price Changes, 2021-25

2021	2022	2023	2024	2025	YE 25 vs YE 21
Coffee 92%	Platinum 15%	Cocoa 64%	Cocoa 161%	Silver 138%	Silver 220%
Lumber 73%	Live Cattle 14%	Coffee 20%	Coffee 72%	Platinum 132%	Cocoa 142%
Crude Oil WTI 57%	Corn 8%	Gold 11%	Natural Gas 32%	Palladium 85%	Gold 142%
Cotton 43%	Silver 8%	Sugar 10%	Gold 29%	Gold 62%	Platinum 122%
Natural Gas 37%	Soybeans 8%	Live Cattle 10%	Silver 25%	Copper 41%	Live Cattle 72%
Corn 22%	Cocoa 8%	Crude Oil WTI 0%	Lean Hogs 24%	Live Cattle 22%	Coffee 54%
Live Cattle 19%	Gold 4%	Silver 0%	Lumber 18%	Coffee 9%	Copper 31%
Copper 19%	Sugar 4%	Lumber 0%	Live Cattle 13%	Lean Hogs 4%	Lean Hogs 1%
Lean Hogs 19%	Wheat 0%	Copper -1%	Copper 13%	Soybeans 3%	Palladium -10%
Wheat 15%	Lean Hogs -3%	Cotton -7%	Corn -1%	Lumber -1%	Natural Gas -17%
Sugar 12%	Palladium -4%	Platinum -10%	Crude Oil WTI -1%	Natural Gas -3%	Sugar -20%
Soybeans 2%	Crude Oil WTI -7%	Soybeans -15%	Sugar -6%	Corn -5%	Soybeans -25%
Cocoa -3%	Natural Gas -8%	Wheat -18%	Platinum -8%	Cotton -7%	Corn -28%
Gold -6%	Copper -10%	Lean Hogs -19%	Wheat -10%	Wheat -7%	Crude Oil WTI -28%
Platinum -13%	Cotton -25%	Corn -29%	Cotton -14%	Crude Oil WTI -22%	Wheat -32%
Silver -18%	Coffee -32%	Natural Gas -30	Palladium -16%	Sugar -26%	Cotton -44%
Palladium -23%	Lumber -62%	Palladium -40%	Soybeans -21%	Cocoa -47%	Lumber -56%

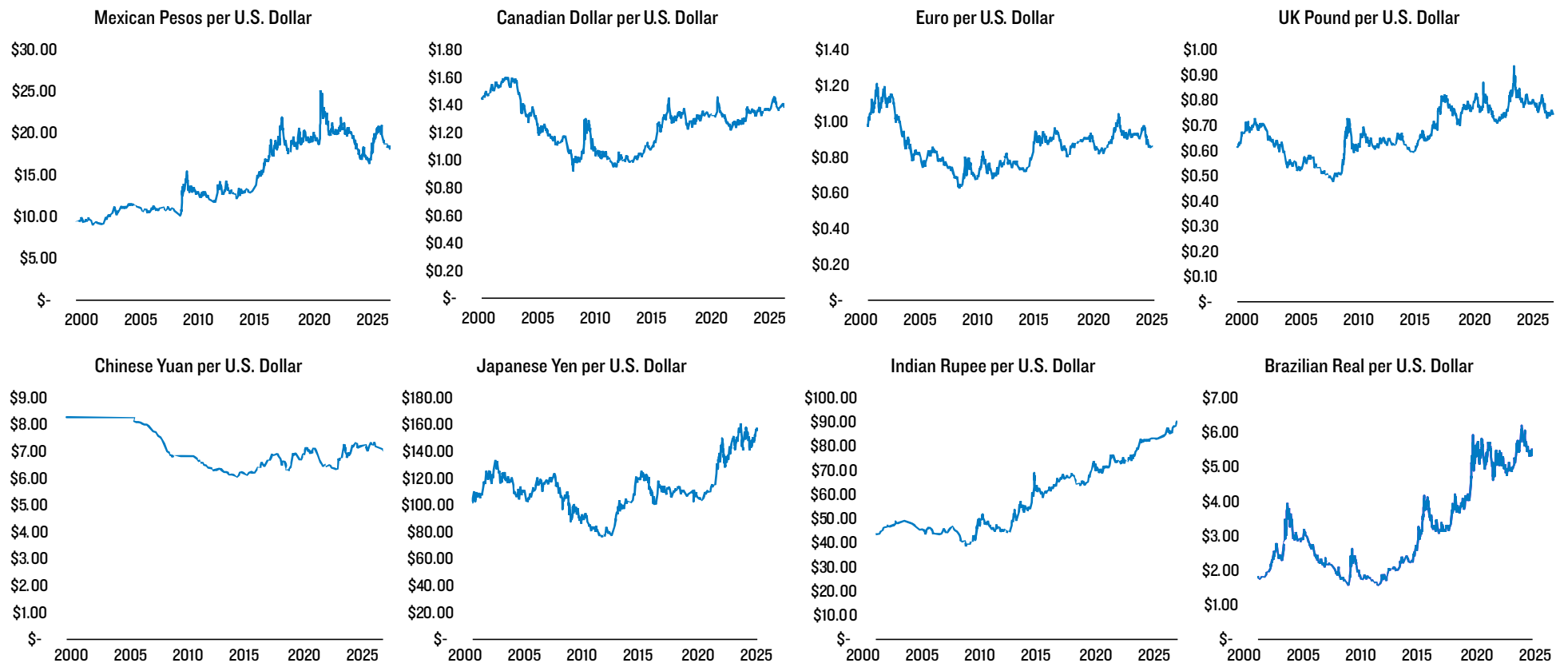
GENERAL AGRICULTURE OVERVIEW (CONTINUED)

Currencies

In 2025, major global currencies experienced a reversal in the devaluation that took place in 2024 against the U.S. dollar. At the end of 2025, most currencies for the top five major U.S. agricultural trading partners appreciated in value versus the U.S. dollar compared to the prior year. Last year stronger currencies included the Mexican

peso (+14%), the euro (+12%), the Canadian dollar (+5%), the Chinese yuan (+4%), and the Japanese yen (+0.4%) (Figure 16). New federal monetary policies, which have resulted in the reduction in interest rates, shifted more capital to international markets in the pursuit of higher yields – a trend that may continue in the foreseeable future.

Figure 16. Historical Currency Exchange For Selected Currencies Against the US Dollar (2000 to 2025)



Source: Federal Reserve Board.

GENERAL AGRICULTURE OVERVIEW (CONTINUED)

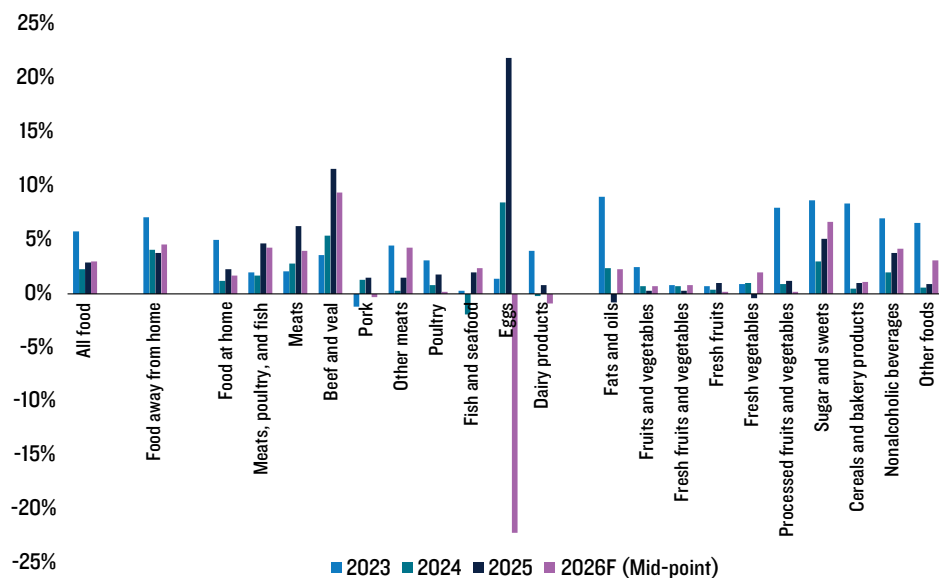
### Consumer Price Index – Food

The Consumer Price Index (CPI) for 2025 ended at 3.1%, up from 2.5% in the prior year. This is a reversal from the past two-year downward trend.

In 2025, the **CPI for food**, which accounts for an estimated 13.5% of the total CPI, ended at 2.9%, up from 2.3% in 2024, but below the five-year average of 5% (Figure 17). Over the past 20 years, food inflation in the United States has averaged 3%, ranging from a high of 9.9% (2022) to a low of 0.3% (2016) (Figure 18).

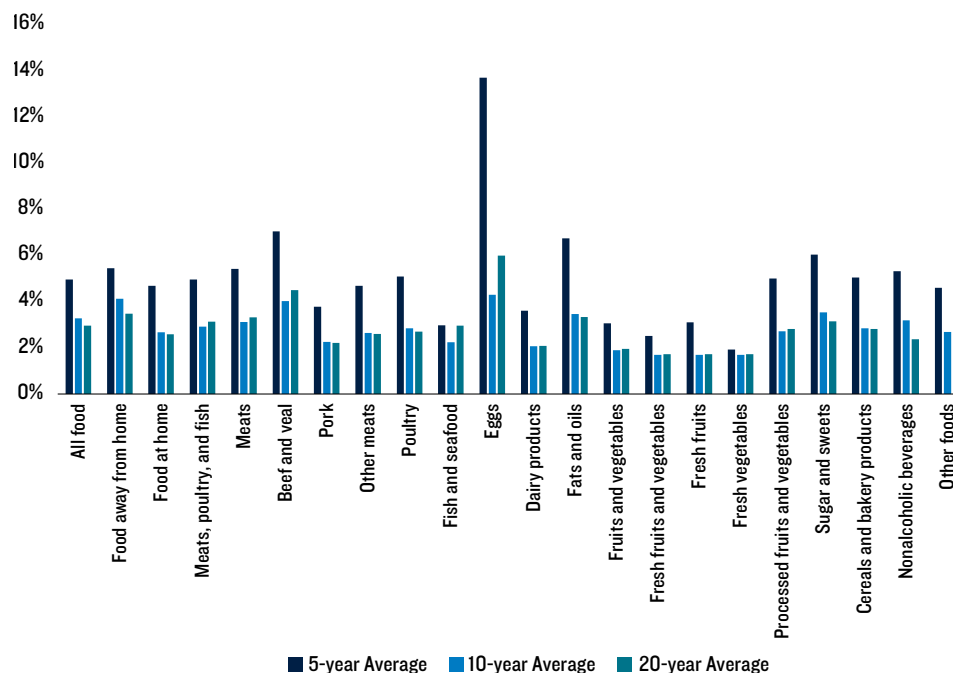
For 2026, the USDA Economic Research Service estimates CPI-Food at a range of 0.3% to 5.9%, with a midpoint of 3.0%. Note that this rate of inflation is in line with the past 20-year average (2006-25). This year, food away from home is forecast to increase 4.6% (3.1% to 6.2% interval), up from 3.8% in 2025. The food at home index is projected at 1.7% (-2.3% to 6% interval), down from the 2.3% observed last year. In 2026, most food products are expected to have lower inflation rates compared to the prior year. The largest decline is expected in the eggs sector as supplies return to normality after the impact of chicken flocks infected by the H1N1 virus. However, the recent spike in oil prices and the potential for these higher sustained price levels over long-periods of time could impact consumers with higher food prices.

Figure 17. Changes in Annual Consumer Price Index – Food, 2023-26F



Source: USDA.

Figure 18. Historical Average Consumer Price Index – Food, Through YE2025



GENERAL AGRICULTURE OVERVIEW (CONTINUED)

### Agricultural Labor

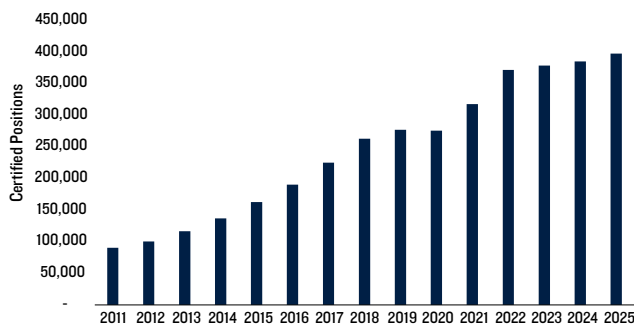
Farming operations throughout the United States continue to expand the use of the temporary visa for agricultural workers known as H-2A. The U.S. Department of Labor (DOL) revised the methodology for determining the H-2A wage rates. The change is expected to translate into meaningful savings for H-2A operations. According to the Bureau of Labor Statistics, there were between 780,000 and 812,000 agricultural worker jobs in 2024. Since most of those jobs cannot be filled with domestic workers, farmers and ranchers must rely on other programs like the H-2A. Employers are required to advertise for agricultural jobs, but the number of domestic applicants is minimal and accounts for less than 0.04% of requested positions.

In 2025, an estimated 397,000 H-2A positions were certified in the United States, up from 90,000 in 2011 (Figure 19). Over this period, the rate of applications grew over

339%, or an annual growth rate of 11%, as domestic supply for farm labor has decreased and demand for agricultural jobs (i.e. harvest, equipment operators, packers, etc.) has not slowed down. Nonetheless, growth has slowed down in the past three years with annual increases of only 2-3%.

The top 10 states with the most H-2A workers in 2025 were Florida, Georgia, California, Washington, North Carolina, Michigan, Texas, Louisiana, Arizona, and New York. These states accounted for 67% of all H-2A job positions. Florida represented an estimated 14% of all certified applications in 2025. Over the past 15 years, California – the state with the largest value of agricultural products – has increased the H-2A guest worker program from under 3,000 in 2011 to over 35,000 in 2025 (Figures 20 and 21). With the current immigration crackdown and potential fines for hiring undocumented workers, farmers have turned more and more to the H-2A program to secure enough labor to support various tasks at the farm.

Figure 19. Historical Certified H-2A Positions in Agriculture, 2011-25



Source: Bureau of Labor Statistics.

Figure 20. Certified H-2A Workers in 2025

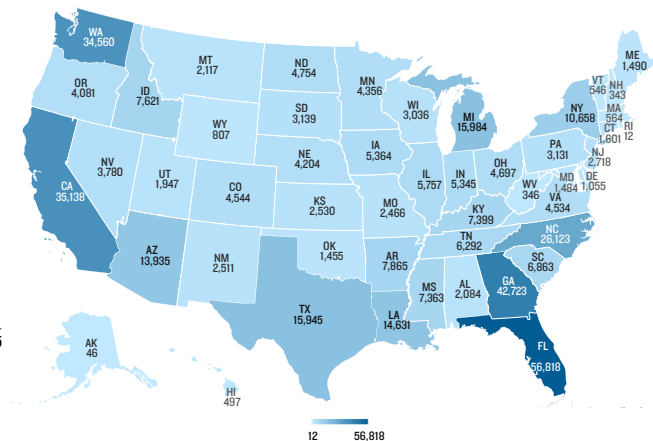
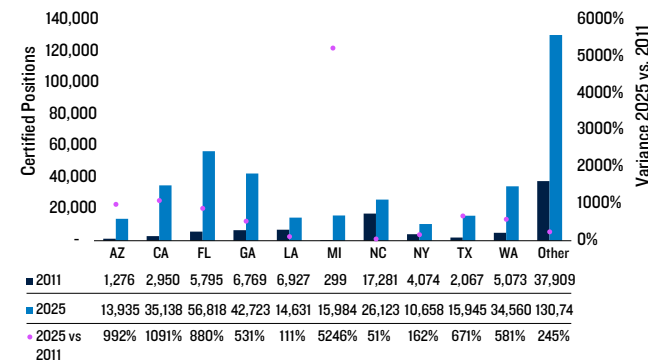


Figure 21. Changes in Certified H-2A Positions for Top 10 States, 2011 vs. 2015



# EASTERN REGION



While the State of Florida did not get impacted by hurricanes in 2025, it did experience an extreme cold weather event in February 2026 that resulted in significant crop losses among citrus, vegetable, and berry growers, creating substantial financial challenges for producers. Assessments of freeze-related damage remain ongoing. These adverse conditions have exacerbated existing structural concerns, including disease pressures and water-supply limitations due to persistent drought. Despite continued issues with citrus greening disease, there is modest optimism within Florida's citrus industry. USDA production figures for oranges, grapefruit, lemons, and tangerines indicate the sector remains firmly rooted in both fresh-market and processing operations.

Georgia proceeded with recovery efforts following the devastation caused by Hurricane Helene in 2024, which resulted in agricultural losses estimated at \$5.5 billion. Blueberries remained among Georgia's most valuable specialty crops, buoyed by sustained national demand

from health-conscious consumers. Broader market trends favoring antioxidant-rich fruits and premium fresh produce supported pricing, despite adverse weather conditions constraining supply.

Farmland values generally remained elevated on a year-over-year basis, although signs of moderation were evident. The latest USDA land values report indicated that real estate values in the Southeast increased by 4.7% year-over-year, with average cropland reaching approximately \$5,750 per acre. In 2025, Georgia experienced a 4.9% rise in farmland values, while Florida's agricultural land advanced by 4.8%, driven by development pressures and sustained investor interest. National figures from USDA and NASS reflected ongoing appreciation in farm real estate, with U.S. averages for 2025 rising by roughly 4.3%.

Transaction volumes across the region demonstrated variability. Although certain institutional and private buyers maintained activity, sales of premium irrigated

farmland remained constrained, with limited transactions exceeding 1,000 acres. Deal flow in Florida and Georgia during 2025 was notably restricted, as fewer widely marketed farmland trades reached completion. An increasing portion of capital is being allocated toward land conservation, reflecting efforts to curb new developments that may affect long-term agricultural production. Regions adjacent to development corridors in both states continued to experience conversions to higher-and-better uses, driven by increased per-acre valuations and ongoing population growth.

Although production challenges continued, Georgia and Florida producers were able to pursue ongoing recovery through strong market fundamentals, increasing land values, and strategic adaptation initiatives. The primary factors shaping the 2026 outlook include effective citrus disease management, stabilization within commodity markets, and trends in land demand driven by development.



## PROCESSED CITRUS

### Florida citrus supplies reach lowest level in a century

- Florida's processed citrus supply remains critically constrained by persistent challenges from citrus greening disease (HLB) and gradual tree health recovery following major Hurricanes Milton and Helene in 2024. Growers are adopting advanced horticultural management techniques and applying bactericides to promote root health and increase yields.
- The USDA's 2025-26 citrus forecast projects Florida's total citrus production at 13.6 million boxes, a 2% decline from last season's record low (88.2% oranges, 8.8% grapefruits, and 3% tangelos and mandarins). Total production is expected to be negatively affected by very cold weather conditions during February 2026.
- Globally, the USDA forecasts a 3.4% increase in orange juice (OJ) production for 2025-26, driven primarily by Brazil's production of 293 million boxes (26% increase from previous year).

### Domestic demand has declined due to significant price increases at retail outlets

- OJ demand continues to soften in volume terms as retail prices remain elevated. According to the Florida Department of Citrus, at the end of 2025, the price per equivalent gallon rose 14% year-over-year, while volume declined approximately 10%, resulting in a 2% increase in total revenue. Strong pricing for 100% not-from-concentrate juice continues to support processor margins, though substitution toward alternative beverages is increasingly evident.
- The United States remains structurally reliant on imports primarily from Brazil and Mexico to offset Florida's production shortfall. Total U.S. OJ imports for the 2024-25 season are estimated at 281 million gallons (91.4% from Brazil and 8.1% from Mexico), a 2% year-over-year increase.<sup>3</sup>

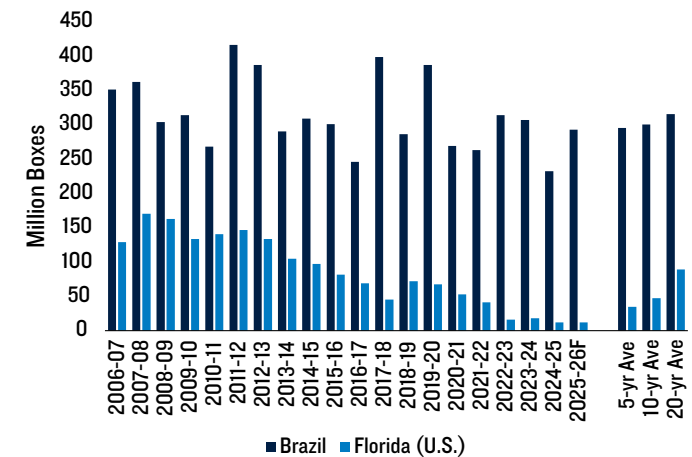
### Prices for processed citrus anticipated to remain elevated due to reduced supply

- OJ prices reached record highs in the 2024-25 season due to supply disruptions from the 2024 hurricanes. Early-mid oranges averaged \$4.51 per pound solid (pps), up 34% year-over-year, while Valencia oranges averaged \$4.21 pps, a 17% increase versus the 2023-24 season.
- In the 2025-26 season, processors have not extended new long-term contracts with floor pricing following a sharp decline in futures during most of 2025. As of January 26, 2026, FCOJ traded near \$2.18 pps, down approximately 55% year-over-year but above pre-2023 levels. In October 2025, some processors offered \$3.50 pps for early-mid and Valencia oranges before purchasing ceased due to fruit quality concerns.

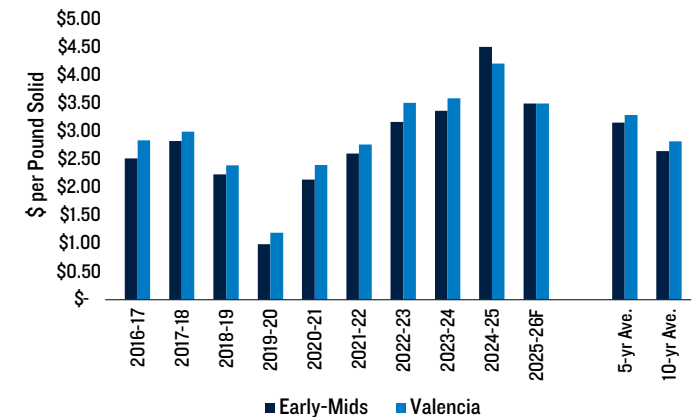
### General outlook

- Industry consensus holds that Florida citrus production is stabilizing gradually rather than rebounding sharply. Absent a greening-resistant tree, sustained disease management, replanting, and investment remain essential. Approximately \$140 million in state and federal funding, administered through the Citrus Research and Field Trial Program (CRAFT) program, continues to support recovery, research, and near-term industry resilience.

Citrus: Historical and Projected Orange Production for Processing in Florida (U.S.) and Brazil, 2006-07 to 2025-26F



Citrus: Historical and Projected Orange Juice Prices, 2016-17 to 2025-26F



Sources: PGIM, Florida Citrus Mutual, USDA, Fundecitrus.



## SUGARCANE

### Worldwide sugarcane supply has reached its second highest level in a decade

- Global sugar production is forecasted to reach 189 million metric tons (MMT), representing a 5% increase from the previous season and 6% above the 10-year average.
- The U.S. sugar cane sector is projected to reach a record 4.279 million STRV, a 6% increase mainly due to higher output in Louisiana. For 2025-26, Florida's cane sugar production is forecast at 2.082 million Short ton Raw Value (STRV), up 4% year-over-year and 1% above the five-year average, driven by increased acreage and better sucrose recovery despite slightly lower yields.

### Global sugar consumption continues its upward trend while domestic consumption is reduced for the upcoming season

- Global sugar consumption is projected to rise 1% to a record 178 MMT, but higher supply is expected to result in an 11.1 MMT surplus, the second largest of the past decade.
- U.S. sugar deliveries for food and beverage use are forecast at 12.1 million STRV in 2025-26, down 4% year-over-year due to inflation-related demand moderation and GLP-1 adoption, though inventories remain ample.

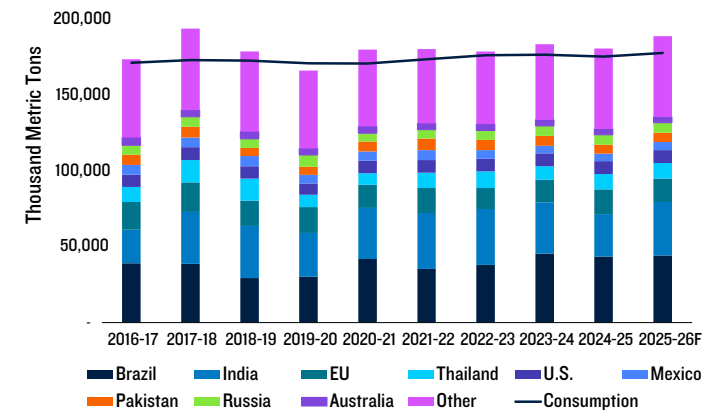
### U.S. sugar prices are expected to decrease at a slower rate than global prices, attributable to robust domestic sugar policies

- In 2025, global raw sugar prices fell 15% and refined sugar dropped 16%, while U.S. raw sugar decreased 7%. In contrast, U.S. refined sugar rose 4%.
- The average U.S. raw sugar (#16) price was \$0.37 per pound in 2025, reflecting a 3% long-term annual growth rate over the last decade and greater price stability driven by domestic sugar policies (marketing allotments, tariffs, and indirect price supports).
- U.S. refined retail sugar averaged \$0.98-1.02 cents per pound in 2025, up 4% year-over-year, while ending stocks of 1.9 million STRV in 2025-26 may apply modest downward price pressure, offset by stable returns for Florida cane producers under contract pricing.

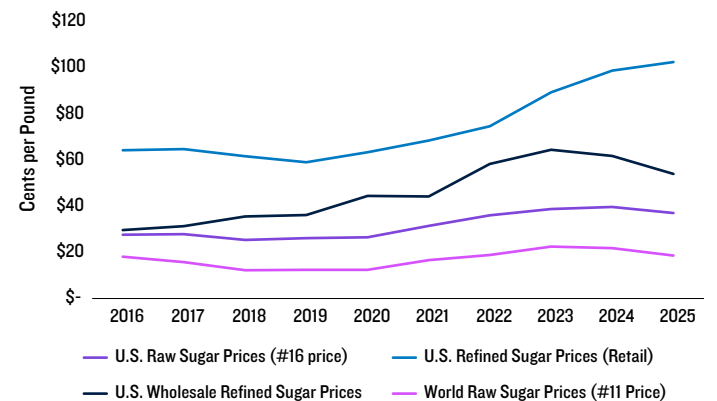
### General outlook

- Florida's sugarcane industry enters 2026 with stable acreage, strong sucrose recovery, and higher production, with risks centered on weather, disease, and policy changes, but integrated infrastructure and high inventories support stable grower margins despite muted national price.

### Sugarcane: Historical World Sugar Production, by Major Countries, and Global Demand, 2016-17 to 2025-26F



### Sugarcane: Historical Sugar Prices by Type, 2016-25



Sources: PGIM, USDA.



## PECANS

### The U.S. pecan supply is expected to remain balanced, with production and imports maintaining steady levels

- U.S. pecan supply for 2025 is expected to reach 270-300 million in-shell pounds, up 7% from last year and consistent with the five-year average of 285 million pounds. Georgia and New Mexico each account for about 30% of production. Georgia's bearing acreage stands at 180,000, continuing a steady increase since 2017 despite weather challenges. Production in this state is anticipated to match previous years at 85 million pounds – a smaller yield than originally forecast – attributable to wet conditions in early summer that increased the prevalence of fungal diseases, followed by drier periods during the nut filling stage.
- U.S. pecan imports from Mexico have remained steady, despite ongoing drought conditions since 2019 that have constrained supply. The Mexican crop is projected to reach 260 million pounds in 2025.

### Demand for U.S. pecans is increasing, though growth has moderated as supply expansions remain constrained

- In the 2024-25 crop season (September 2024 to August 2025), U.S. domestic shipments totaled 300.8 million pounds, down 1% from last year but in line with a steady five-year trend. Exports reached 121 million pounds in 2023-24, but declined to 83 million pounds in 2024-25F due to normalized global supply and weaker European demand. Asia-Pacific led growth, with China/Hong Kong returning after tariff disputes. Overall disappearance continues to rise as per capita consumption exceeds pre-2018 levels. Early domestic shipments for 2025-26 through December are down 4%, and exports have dropped 25%.
- The American Pecan Council has prioritized the expansion of pecan consumption within the United States, while continuing to support initiatives aimed at increasing demand for U.S. pecans in important international markets such as India, Canada, South Korea, and other Asian countries.

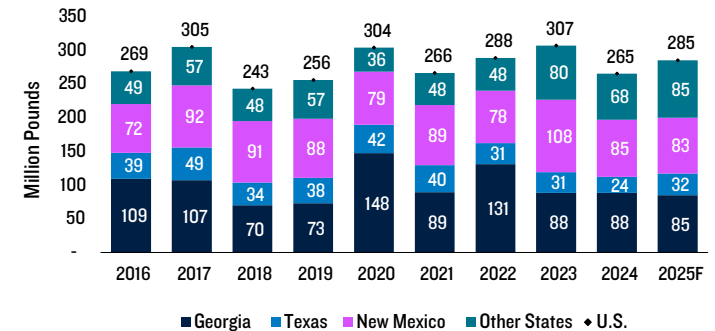
### Pecan prices are projected to increase in 2026 due to constrained supply and rising demand for high-quality products

- Pecan prices have varied with changes in supply and imports. In 2024, Georgia growers averaged \$1.61 per pound for improved varieties, steady with 2023 but below the six-year average. The national average price rose to \$1.77 per pound, a 5% increase from 2023, due to tighter stocks and better kernel quality. While still under the 2010-14 peak (\$2.15-2.50 per pound), pricing is expected to strengthen moderately through 2026.<sup>4</sup>

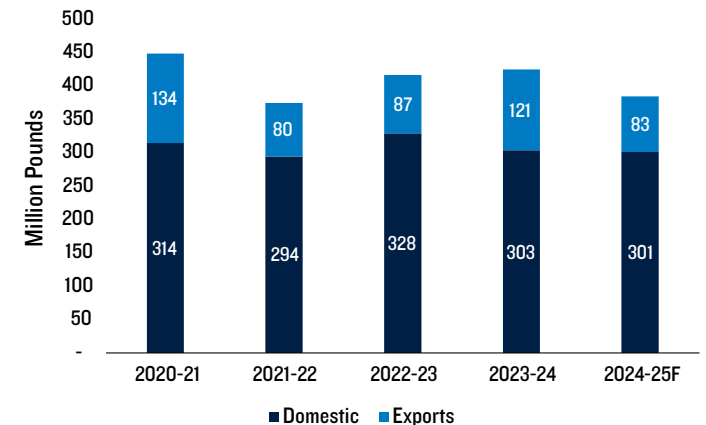
### General outlook

- The 2025-26 pecan market faces tight supplies due to low inventories, fewer Mexican imports, and strong domestic sales. Shelled sales set records, retail demand remains high, and commitments are solid. Exports are at decade lows as global trade weakens, signaling a firmer domestic market for 2026.

### Pecans: Historical Production of Pecans by Major Producing State, 2016-25F



### Pecans: Historical Domestic and Export Shipments, 2020-21 to 2024-25F



Sources: PGIM Real Estate Agricultural Research, American Pecan Council, USDA.



## BLUEBERRIES

### Supplies and domestic availability are at record levels due to an increase in imports

- National cultivated blueberry production for 2025 is forecast at 721 million pounds, combining fresh and processed categories, representing an approximate 10% decline from the 2024 record of 795.3 million pounds. Georgia, Washington, and Oregon are expected to contribute nearly two-thirds of total domestic output. This year-over-year reduction is primarily attributed to weather-related disruptions in the Southeast. According to the USDA, domestic production averaged ~704 million pounds for the 2020-24 period, whereas imports averaged 580+ million pounds.
- Georgia continues to be a leading state in U.S. blueberry production. For 2025, Georgia's utilized production is projected to decrease by approximately 20% compared to the 136 million pounds produced in 2024. Georgia's average utilized production from 2019 to 2024 was approximately 88 million pounds, similar to historical averages, suggesting that 2025 output may still exceed the recent historical baseline.
- Blueberry imports consistently comprise more than 60% of total annual supply, representing an increase of over ninefold in the past 20 years.

### Demand for blueberries is increasing, driven by improved availability and enhanced quality of imported products during the offseason

- The U.S. per capita consumption was approximately 3 pounds during the 2024-25 period. Current demand is higher than domestic supply.
- Imports primarily originate from Peru, Mexico, and Chile, ensuring consistent retail availability throughout the year and effectively bridging seasonal domestic supply gaps.

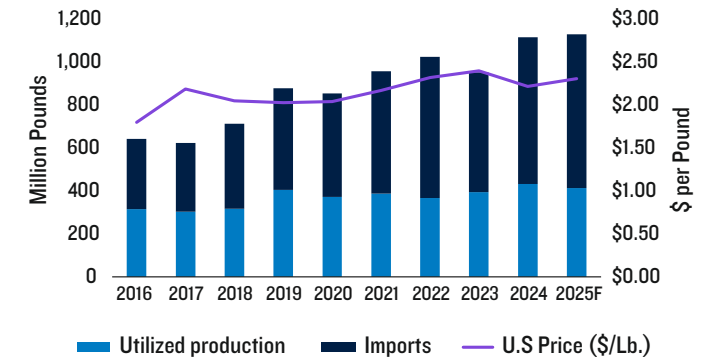
### The domestic market experienced an increase in blueberry prices, whereas import prices decreased in 2025 as a result of abundant supply

- In 2025, tight domestic supply supported higher prices in Georgia. Price per pound of highbush and rabbiteye varieties was \$3.00 and \$2.30, respectively. The 2024 average was \$2.22 per pound, while the previous three-year average was \$2.33.
- In 2025, import prices averaged \$2.94 per pound, slightly below the four-year average of \$3.02. Despite an 11% drop last year from abundant off-season supply, prices stayed in line with the multi-year average.

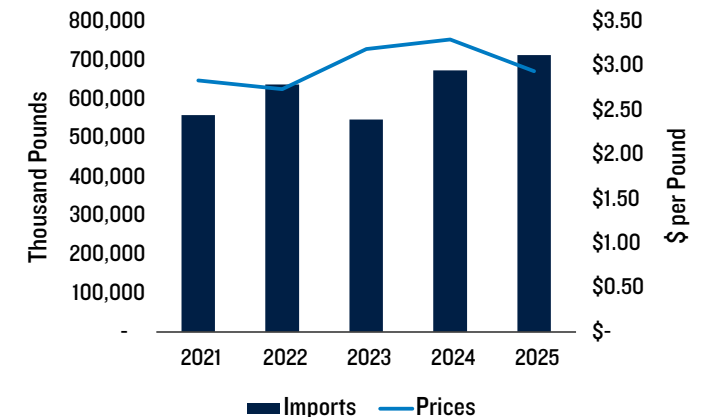
### General outlook

- Long-term fundamentals remain favorable as consistent health-driven demand and retailer preferences for year-round berry offerings persist. Primary structural risks include crop volatility due to weather events (particularly during spring bloom and fruit set), challenges related to labor availability during peak harvest periods, and increased competition from strategically managed import programs.

### Blueberries: Historical and Projected Blueberry Domestic Production and Imports , 2016-25F



### Blueberries: Historical U.S. Imports and Prices, 2021-25



Sources: PGIM, USDA, U.S. Highbush Blueberry Council

# CENTRAL REGION



Farmland values in the Central region experienced continued moderate growth through 2025, although certain regions saw small value declines. This trend was underpinned by sustained investor interest, limited land availability, and robust producer financial positions. Data from the USDA indicate that U.S. cropland values increased by 4.7% year-over-year in 2025, reaching an average of \$5,830 per acre, demonstrating widespread resilience throughout the Corn Belt and Northern Plains. Within the Corn Belt, land appreciation surpassed national averages; cropland values attained \$10,300 per acre in Iowa, \$9,850 per acre in Ohio, and \$8,930 per acre in Illinois, with each state recording ongoing annual gains.

Nebraska and Kansas also reported value appreciation within the Northern Plains region, increasing by 4-6%. This growth was driven by strong row-crop productivity, expansion in the livestock sector, and heightened investor interest in premium dryland acreage. Despite commodity prices remaining below recent peaks, high-quality farms – particularly those with irrigation, Class A soils, or favorable cash-rent arrangements – continued to achieve premium valuations and attract robust bidding activity.<sup>5</sup>

The increase in land values is indicative of the overall strength of the farm sector's balance sheet. Currently, real estate comprises approximately 80% of U.S. farm assets, and ongoing appreciation has bolstered both producer equity and borrowing capacity despite narrowing profit margins. While cropland values have continued to rise even in the context of weakened grain markets, the rate of appreciation has moderated compared to the rapid growth observed between 2021 and 2023. This trend points toward a more stable and sustainable pace of growth.<sup>6</sup>

Market fundamentals across major commodities in 2025-26 indicate ample supply. U.S. corn production achieved a record 17 billion bushels with an unprecedented yield of 186.5 bushels per acre, resulting in ending stocks at their highest level since 2018-19. Soybean production was also robust, reaching 4.3 billion bushels with a record yield of 53 bushels per acre; however, export volumes remain under pressure due to intensified competition from Brazil. Wheat output remained stable, yet growth in global supplies contributed to an 8% increase in U.S. ending stocks, totaling 926 million bushels. Meanwhile, cotton and rice markets in the southern United States continued

to experience well-supplied conditions, leading to modest downward pressure on prices compared to the previous season.<sup>7</sup>

Input costs provided some relief in 2025, but these dynamics could change in 2026 due to the on-going U.S. war with Iran. Fertilizer prices, though remaining above pre-2021 levels, stabilized significantly relative to the peaks observed in 2022, thereby enhancing cost predictability for Central region operators. Cash rents continued to exhibit slight increases across the region's most productive counties, driven by strong tenant competition and limited land availability.<sup>8</sup>

The Central region approaches 2026 with robust land values, steady transactional volume, and sustained investor interest, despite moderated commodity prices. While higher carryout levels and international competition are expected to compress profit margins, farmland continues to present itself as a resilient asset with enduring long-term income potential.

## Historical NCREIF Farmland Index – Annual Row Crop Returns by Region

### Total Returns

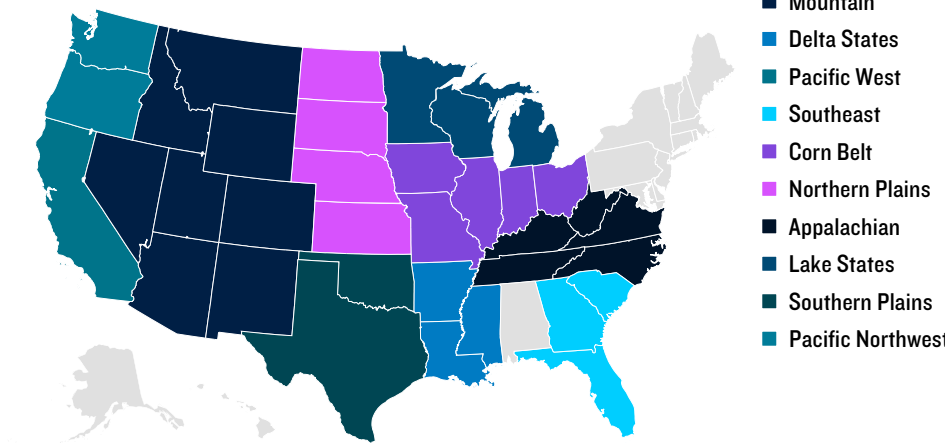
2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-year
Pacific West 14.53%	Pacific NorthWest 19.99%	Pacific NorthWest 20.76%	Southeast 8.99%	Pacific West 7.68%	Corn Belt 18.77%	Corn Belt 27.99%	Mountain 13.60%	Pacific NorthWest 14.51%	Lake States 9.06%	Pacific NorthWest 10.14%
Mountain 9.75%	Southern Plains 7.34%	Delta States 7.02%	Southern Plains 6.50%	Southern Plains 7.42%	Pacific NorthWest 17.82%	Northern Plains 20.02%	Corn Belt 11.76%	Northern Plains 10.63%	Pacific NorthWest 6.91%	Southeast 7.55%
Southeast 8.08%	Southeast 6.57%	Southeast 6.77%	Lake States 5.15%	Southeast 5.36%	Northern Plains 16.47%	Lake States 16.82%	Southeast 11.76%	Mountain 8.73%	Southeast 6.26%	Lake States 7.19%
Southern Plains 7.84%	Pacific West 4.65%	Pacific West 5.01%	Mountain 4.67%	Lake States 5.03%	Lake States 15.16%	Delta States 13.13%	Delta States 11.29%	Southern Plains 6.63%	Northern Plains 5.06%	Southern Plains 6.85%
Pacific NorthWest 5.55%	Delta States 4.02%	Southern Plains 4.61%	Northern Plains 4.47%	Corn Belt 4.36%	Delta States 10.21%	Southeast 10.41%	Lake States 10.74%	Delta States 6.60%	Mountain 4.19%	Northern Plains 6.62%
Lake States 5.49%	Mountain 3.79%	Mountain 4.33%	Pacific West 3.88%	Delta States 4.11%	Southern Plains 8.98%	Pacific West 9.10%	Pacific NorthWest 9.03%	Southeast 5.95%	Southern Plains 4.17%	Mountain 6.60%
Northern Plains 3.33%	Corn Belt 2.13%	Corn Belt 2.64%	Corn Belt 3.78%	Mountain 3.06%	Pacific West 6.30%	Mountain 8.90%	Southern Plains 7.99%	Lake States 4.22%	Delta States 3.09%	Corn Belt 6.56%
Delta States 2.73%	Northern Plains 1.03%	Lake States 2.59%	Delta States 3.67%	Pacific NorthWest 0.77%	Southeast 5.58%	Southern Plains 7.11%	Northern Plains 7.83%	Corn Belt 1.71%	Pacific West 0.83%	Delta States 6.53%
Corn Belt -4.56%	Lake States -1.02%	Northern Plains 1.00%	Pacific NorthWest 3.40%	Northern Plains -1.64%	Mountain 5.52%	Pacific NorthWest 4.84%	Pacific West 1.84%	Pacific West -0.70%	Corn Belt 0.77%	Pacific West 5.23%

### Income Returns

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-year
Southern Plains 5.10%	Southern Plains 4.80%	Southern Plains 5.12%	Southern Plains 4.65%	Southeast 4.27%	Pacific NorthWest 4.29%	Lake States 4.52%	Southern Plains 4.66%	Southern Plains 4.02%	Southern Plains 4.46%	Southern Plains 4.56%
Pacific NorthWest 4.31%	Southeast 4.35%	Mountain 4.07%	Southeast 4.03%	Southern Plains 4.21%	Southeast 4.26%	Southern Plains 4.39%	Lake States 4.46%	Southeast 3.80%	Southeast 3.81%	Southeast 4.07%
Southeast 4.30%	Mountain 4.10%	Southeast 3.96%	Mountain 3.95%	Pacific West 3.92%	Southern Plains 4.25%	Pacific NorthWest 4.02%	Pacific NorthWest 4.22%	Mountain 3.61%	Mountain 3.52%	Mountain 3.83%
Lake States 4.14%	Pacific NorthWest 3.92%	Pacific West 3.95%	Pacific West 3.71%	Mountain 3.83%	Lake States 4.14%	Southeast 4.02%	Northern Plains 3.99%	Pacific NorthWest 3.57%	Pacific West 3.51%	Lake States 3.77%
Mountain 3.97%	Northern Plains 3.91%	Northern Plains 3.54%	Pacific NorthWest 3.18%	Lake States 3.74%	Pacific West 3.79%	Northern Plains 4.00%	Southeast 3.89%	Pacific West 3.51%	Pacific NorthWest 3.32%	Pacific West 3.75%
Northern Plains 3.87%	Lake States 3.82%	Lake States 3.48%	Lake States 3.14%	Delta States 3.11%	Mountain 3.70%	Pacific West 3.91%	Pacific West 3.84%	Lake States 3.11%	Lake States 3.23%	Pacific NorthWest 3.70%
Pacific West 3.72%	Pacific West 3.63%	Pacific NorthWest 3.26%	Delta States 2.94%	Northern Plains 3.04%	Corn Belt 3.39%	Mountain 3.88%	Mountain 3.68%	Northern Plains 2.90%	Delta States 2.62%	Northern Plains 3.40%
Delta States 3.10%	Delta States 3.24%	Delta States 3.12%	Northern Plains 2.83%	Pacific NorthWest 2.97%	Northern Plains 3.31%	Corn Belt 3.70%	Corn Belt 3.70%	Delta States 2.72%	Northern Plains 2.59%	Delta States 3.04%
Corn Belt 2.96%	Corn Belt 2.98%	Corn Belt 2.87%	Corn Belt 2.79%	Corn Belt 2.89%	Delta States 3.27%	Delta States 3.32%	Delta States 2.95%	Corn Belt 2.19%	Corn Belt 2.27%	Corn Belt 2.92%

### Appreciation Returns

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-year
Pacific West 10.53%	Pacific NorthWest 15.63%	Pacific NorthWest 17.11%	Southeast 4.81%	Pacific West 3.65%	Corn Belt 15.01%	Corn Belt 23.71%	Mountain 9.65%	Pacific NorthWest 10.65%	Lake States 5.70%	Pacific NorthWest 6.27%
Mountain 5.61%	Southern Plains 2.45%	Delta States 3.81%	Lake States 1.96%	Southern Plains 3.11%	Pacific NorthWest 13.11%	Northern Plains 15.58%	Corn Belt 8.37%	Northern Plains 7.56%	Pacific NorthWest 3.50%	Corn Belt 3.57%
Southeast 3.66%	Southeast 2.15%	Southeast 2.73%	Northern Plains 1.59%	Corn Belt 1.44%	Northern Plains 12.83%	Lake States 11.95%	Delta States 8.16%	Mountain 4.99%	Northern Plains 2.43%	Delta States 3.41%
Southern Plains 2.64%	Pacific West 0.99%	Pacific West 1.03%	Southern Plains 1.79%	Lake States 1.23%	Lake States 10.71%	Delta States 9.57%	Southeast 7.65%	Delta States 3.80%	Southeast 2.38%	Southeast 3.38%
Lake States 1.31%	Delta States 0.76%	Mountain 0.26%	Corn Belt 0.97%	Southeast 1.06%	Delta States 6.20%	Southeast 6.20%	Lake States 6.11%	Southern Plains 2.53%	Mountain 0.65%	Lake States 3.33%
Pacific NorthWest 1.20%	Mountain -0.30%	Corn Belt -0.22%	Delta States 0.71%	Delta States 0.98%	Southern Plains 4.59%	Pacific West 5.04%	Pacific NorthWest 4.69%	Southeast 2.09%	Delta States 0.46%	Northern Plains 3.14%
Delta States -0.36%	Corn Belt -0.83%	Southern Plains -0.49%	Mountain 0.70%	Mountain -0.75%	Pacific West 2.45%	Mountain 4.88%	Northern Plains 3.73%	Lake States 1.08%	Southern Plains -0.28%	Mountain 2.7%
Northern Plains -0.52%	Northern Plains -2.79%	Lake States -0.86%	Pacific NorthWest 0.23%	Pacific NorthWest -2.15%	Mountain 1.77%	Southern Plains 2.63%	Southern Plains 3.22%	Corn Belt -0.47%	Corn Belt -1.48%	Southern Plains 2.21%
Corn Belt -7.35%	Lake States -4.71%	Northern Plains -2.48%	Pacific West 0.16%	Northern Plains -4.58%	Southeast 1.28%	Pacific NorthWest 0.80%	Pacific West -1.94%	Pacific West -4.11%	Pacific West -2.61%	Pacific West 1.44%



Appalachian: Kentucky, North Carolina, Tennessee, Virginia, West Virginia; Corn Belt: Illinois, Indiana, Iowa, Missouri, Ohio; Delta States: Arkansas, Louisiana, Mississippi; Lake States: Michigan, Minnesota, Wisconsin; Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; Northern Plains: Kansas, Nebraska, North Dakota, South Dakota; Pacific Northwest: Oregon, Washington; Pacific West: California; Southeast: Alabama, Florida, Georgia, South Carolina; Southern Plains: Oklahoma, Texas.



## CORN

### Corn production reached a new global and domestic record in 2025

- Global corn production is projected to increase to a record 1,296 MMT during the 2025-26 season, up over 5% from the previous crop year and 20% higher than a decade ago. The United States accounts for 18% of worldwide acres, but 33% of global production.<sup>9</sup>
- U.S. corn production also reached a new record high in the 2025-26 season, driven by annual gains in both acreage (+7%) and yields (+4%). Corn production rose to 432 MMT (17 billion bushels) in 2025/26, a 14% increase from 2024. This rise resulted from a 10% increase in harvested acres from the previous year.
- Average yields climbed to 186.5 bushels per acre, the highest ever recorded and 7.2 bushels per acre above 2024 yields, reflecting strong performance across the Corn Belt.

### Domestic demand is expected to rise this season as a result of increased supply and lower prices

- Domestic use remains robust at 13.1 billion bushels in 2025-26, an increase of 7% from 2024-25. Feed demand is projected to rise by 14% in the 2025-26 crop marketing year, supported by higher grain-consuming animal units. Ethanol use is projected at 6.2 billion bushels in 2025-26, maintaining its role as a stable demand pillar.
- The United States is on pace to reach a record 3.2 billion bushels in exports in 2025-26, an increase of 12% from the prior year.<sup>10</sup>

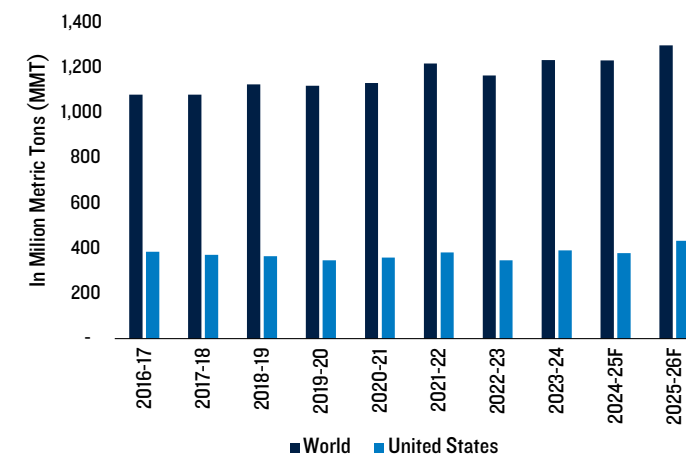
### Prices are anticipated to stay low in the near term due to increased domestic inventories and an oversupply in global markets

- Despite solid demand growth, prices are expected to remain under pressure in the near term due to record supply levels and global oversupply. U.S. ending stocks for 2025-26 are projected at 2,227 million bushels, the highest since 2018-19, keeping futures markets subdued.
- The average farm price for corn declined to \$4.24 per bushel in 2024-25, down 7% year-over-year, and is projected to fall slightly further to \$4.10 per bushel in 2025-26, below the 10-year average of \$4.39.<sup>11</sup>

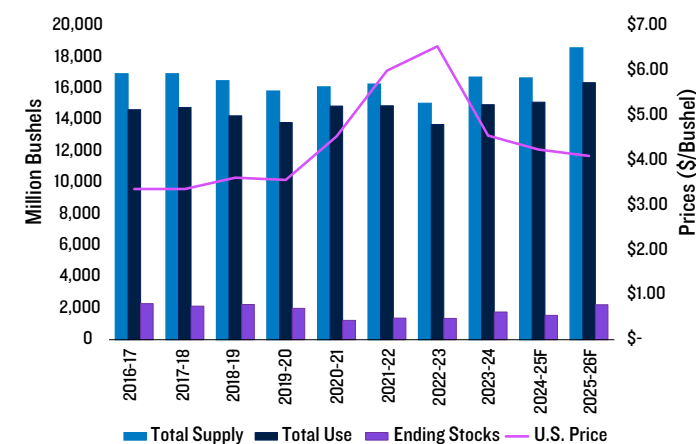
### General outlook

- Overall, the short-term outlook for the U.S. corn market is shaped by record supplies outpacing demand growth, a persistently low-price environment that challenges producer profitability, and intensified global competition, particularly from large South American harvests. Longer-term growth prospects remain tied to expanding consumption in emerging markets, evolving trade relationships, and potential shifts in energy policy.

Corn: Historical Global and Domestic Corn Production, 2016-17 to 2025-26F



Corn: Historical U.S. Corn Supply, Utilization, Inventories, and Prices, 2016-17 to 2025-26F



Sources: PGIM, USDA Economic Research Service.



## SOYBEANS

### Growth in global soybean supplies has moderated for the first time in five years

- In the 2025-26 season, global soybean production achieved a record high for the fourth consecutive year, reaching 428 MMT. Although this represents the highest level of production on record, the growth rate last season has been at its lowest over the past decade. Brazil has become a powerhouse in terms of production, reinforcing a highly competitive global supply environment.<sup>12</sup> Brazil is projected to account for 60% of total global exports this crop season.
- The forecast for U.S. soybean production in the 2025-26 marketing year is 117 MMT (4.3 billion bushels), representing a modest decrease from the 2024-25 total of 4.35 billion bushels. Yields in 2025-26 are projected to increase 4.5% from 2024-25 to 53 bushels per acre. Harvested acreage in the United States is projected to end at 80 million acres in 2025-26, a decrease of 5.8 million acres from the prior year.<sup>13</sup>

### Domestic soybean processing is experiencing sustained growth, compensating for declining export volumes

- Global soybean crush for 2025-26 is projected to be 366 MMT, a 2% increase from the prior year. China continues to be the leading importer and consumer of soybeans, accounting for 60% of global imports.
- U.S. soybean crush is estimated at 2.55 billion bushels in 2025-26, an increase of 5% from 2024-25 and an increase of 12% from 2023-24, driven by continued expansion in renewable diesel capacity and strong domestic meal demand. U.S. exports are expected to decrease 16% in 2025-26 to 1.6 billion bushels due to increased global availability.<sup>14</sup>

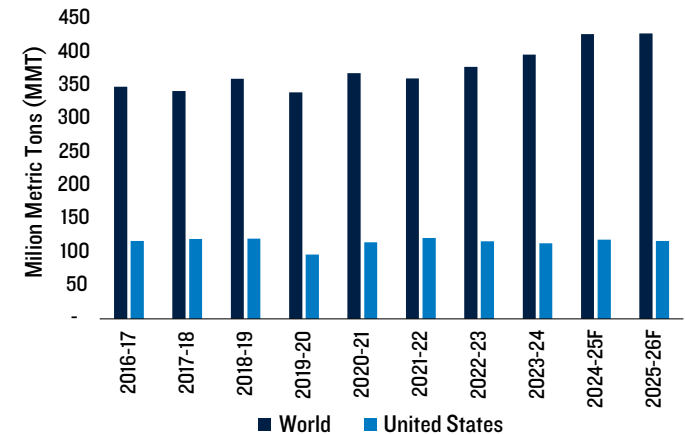
### Government intervention has contributed to the stabilization of soybean prices

- The 2025-26 season average soybean price forecast for the United States is shown at \$10.20 per bushel, a \$0.20 increase from 2024-25.
- U.S. ending stocks are estimated at 350 million bushels, an 8% increase from 2024-25. Global ending stocks for 2025-26 are projected at 19 MMT, a 29% increase from 2023-24.
- Despite demand growth in domestic crush, overall prices are likely to remain constrained by robust global production and cautious export outlooks.<sup>15</sup>

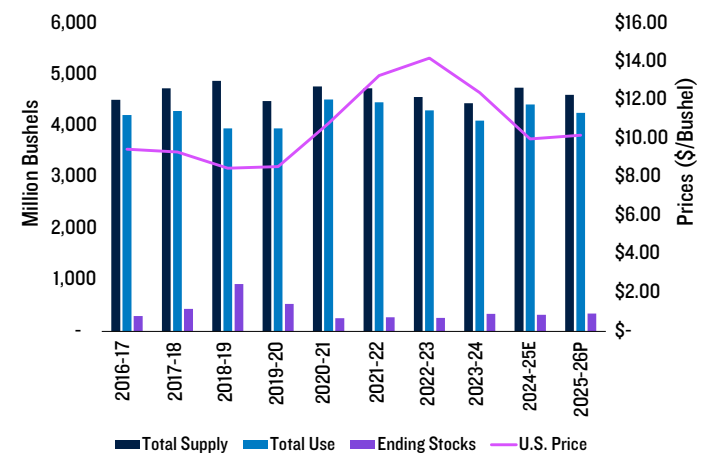
### General outlook

- The ongoing expansion of global supply, primarily driven by record production levels in the United States and Brazil, is likely to continue surpassing demand growth and maintain downward pressure on prices. While domestic crush strength continues to serve as the main source of supportive demand, it is insufficient to counterbalance price pressures resulting from high inventory levels and ample global supply. Export competition is expected to persist, with China maintaining its significant role in the international market.<sup>16</sup>

Soybeans: Historical Global and Domestic Soybean Production, 2016-17 to 2025-26F



Soybeans: Historical U.S. Soybean Supply, Utilization, Inventories, and Prices, 2016-17 to 2025-26F



Sources: PGIM, USDA Economic Research Service.



## WHEAT

### Global wheat supplies have consistently reached record highs over the past eight years, while domestic production has remained steady

- Global wheat supply for 2025-26 is expected to increase to 842 MMT, up 5% from the prior year, driven by higher output in Argentina (50% higher than the previous year) and Russia.<sup>17</sup> The United States accounts for 7% of the world's planted acres, but 6% of global production.
- U.S. wheat production for 2025-26 is projected at 2 billion bushels, remaining in line with the prior year. Yields in the United States are expected to increase by two bushels per acre from 2024-25 to 53.3 bushels per acre in 2025-26.

### U.S. domestic demand for wheat is stable, while exports are projected to increase for the 2025-26 season

- Global wheat consumption for 2025-26 is projected at 823.9 MMT, an increase of 2% from 2024-25, due to higher global demand. International trade is forecast at 220 MMT, slightly higher than the previous year. Overall, global demand is expected to keep rising at a lower rate than supply, resulting in a projected increase of global inventories, which are projected to rise by 7% in 2025-26.<sup>18</sup>
- U.S. domestic use remains stable. Feed and residual consumption for 2025-26 is estimated at 100 million bushels, an 11.5% decrease from 2024-25 as livestock feeders continue substituting more competitive feed grains. Seed use also remains slightly below last year at 61 million bushels.
- U.S. wheat imports have remained steady over the past three seasons, while exports are forecast to rise for the third consecutive crop year, reaching an estimated 900 million bushels in 2025-26.

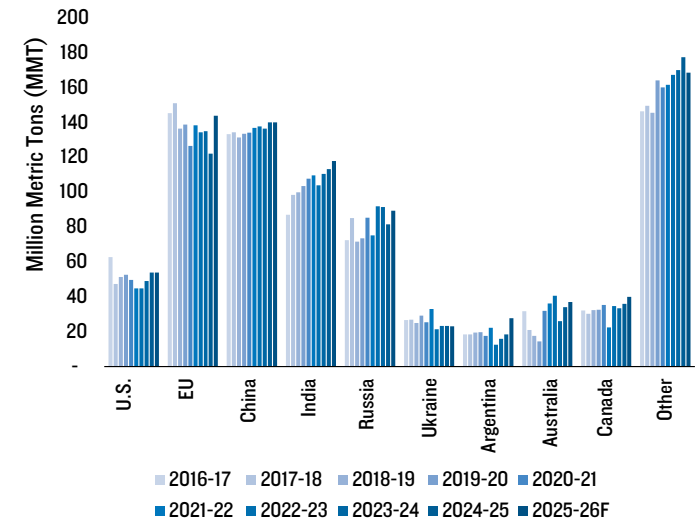
### Wheat prices continue to decline due to increased global stock levels

- The 2025-26 U.S. season-average farm price for wheat is forecast at \$4.90 per bushel, a 11% decrease from 2024-25 and the lowest since 2019-20. The decline reflects larger U.S. stocks, higher global supplies, and competitive pressure from major exporters. U.S. ending stocks for 2025-26 are estimated at 931 million bushels, an increase of 9% from 2024-25.
- International wheat prices have declined as global markets have adjusted to the effects of record production anticipated for the 2025-26 season.<sup>19</sup>

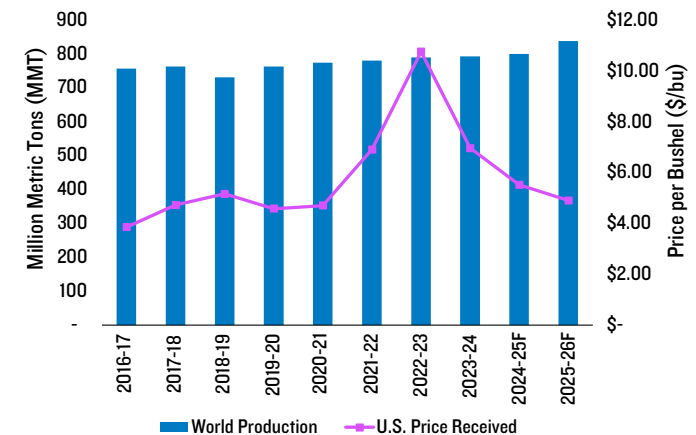
### General outlook

- Record global supply growth is outpacing demand, pressuring prices, and intensifying export competition, which is expected to challenge the U.S. edge in the international market.<sup>20</sup>

### Wheat: Historical Wheat Production by Major Producing Region, 2016-17 to 2025-26F



### Wheat: Historical Global Wheat Production and U.S. Prices, 2016-17 to 2025-26F



Sources: PGIM, USDA Economic Research Service.



## RICE

### Global rice production remains steady as domestic production experiences a decrease

- Global rice production for 2025-26 is projected at 541 MMT, slightly lower from the previous year, but 3% above the 2023-24 production. China and India are anticipated to contribute approximately 55% of global rice production for 2025-26. Over the past decade, global rice production has increased by 11%.
- U.S. all-rice production for 2025-26 is projected at 206.7 million hundredweight (cwt), representing a 7% decline from the 2024-25 output of 222.6 million cwt due to lower yields and planted acres. For 2025-26, planted acreage in the United States is estimated at 2.8 million acres. Rice yields are anticipated to decrease modestly to 7,544 pounds per acre, approximately 3% below the 2024-25 yield of 7,753 pounds per acre.<sup>21</sup>

### Rice imports are increasing due to demographic shifts and the expansion of food service menus that feature rice

- World rice consumption is projected at 542 MMT in 2025-26, a 2% increase from 2024-25 consumption. Global trade is projected at 60 MMT, up 7% from the prior year.
- Domestic use continues to strengthen, showing an estimated use of 171 million cwt for 2025-26, a 2% increase from the prior year and an 11% increase from 2023-24. Rice imports have increased twofold over the past decade, indicating consumers' growing interest in diversified product selections.
- U.S. exports are estimated at 89 million cwt for 2025-26 remaining steady with 2024-25 exports, but 10% below 2023-24.
- Total U.S. ending stocks are projected at 49.3 million cwt, down 8.5% from 2024-25, which marked the highest stock level since the mid-1980s. Despite lower ending stocks, overall trade remains stable, with U.S. exports supported by competitive long-grain pricing.<sup>22</sup>

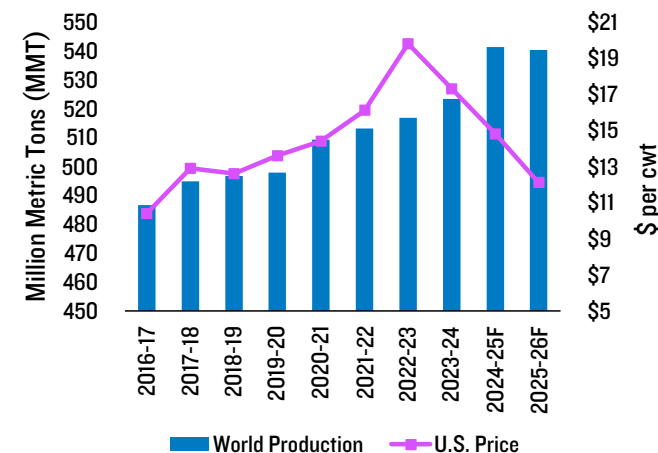
### Rice prices are continuing to decline due to ongoing global supply and demand imbalances

- The 2025-26 all-rice season-average farm price is projected at \$12.10/cwt, a decrease of 18% from 2024-25 and a 31% decrease from 2023-24.
- Long-grain average farm price for 2025-26 is estimated at \$10.50/cwt, a \$3.50 decrease from the prior season or 25% lower.
- Medium- and short-grain average farm price for 2025-26 is estimated at \$13.80 cwt, a \$1.20 decrease from the prior season, with prices softening slightly as supplies remain ample in California and imports remain active.<sup>23</sup>

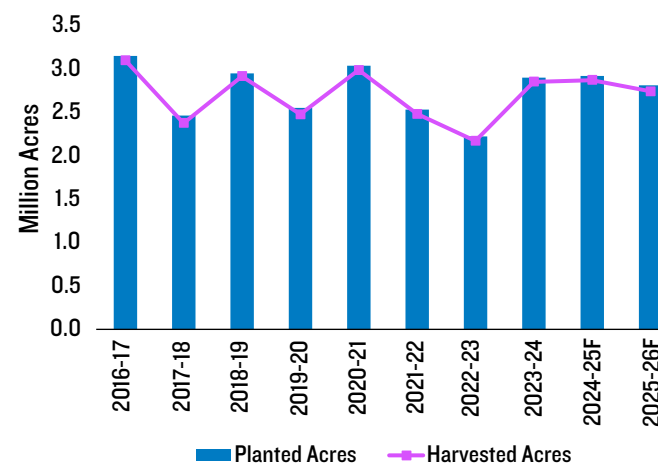
### General outlook

- Global rice supplies remain ample (190 MMT), with high worldwide ending stocks limiting upward price pressure. In contrast, tighter U.S. fundamentals in 2025-26 – driven by lower production and higher early use – are expected to support stable but moderate prices through 2026.<sup>24</sup>

Rice: Historical Global Rice Production and U.S. Prices, 2016-17 to 2025-26F



Rice: Historical U.S. Planted and Harvested Rice Acres, 2016-17 to 2025-26F



Sources: PGIM, USDA Economic Research Service.



# COTTON

## Global cotton supply is projected to increase due to rising production levels in China and Brazil

- Global cotton production for the 2025-26 season is projected at 119.4 million bales (one bale is equal to 480 pounds), representing a 1% increase over 2024-25 and marking the largest output since 2019-20. This growth is primarily driven by major producers like China (up 8%) and Brazil (up 10%). China is expected to account for 29% of worldwide output, followed by India at 20%, Brazil at 16%, the United States at 12%, and Pakistan at 4%.<sup>25</sup>
- For the 2025-26 season, U.S. cotton production is forecast at 13.9 million bales, representing an average yield of 856 pounds per acre. Planted area is projected at 9.28 million acres, 17% lower from 2024-25 levels. Harvested acreage is expected to remain consistent with the previous year, at 7.8 million acres. Relative to 2024, yields and area harvested are expected to decrease, reducing production by 3%.

## Despite increased supply availability, cotton mill utilization is expected to decrease this crop year

- World cotton use is projected at 118.7 million bales in 2025-26, less than 1% lower from the previous year. Global trade is projected at 43.7 million bales, up 1.4 million bales from the previous season, led by Brazil and the United States.
- U.S. domestic cotton consumption is forecast at 1.6 million bales, while exports are projected to reach 12 million bales in 2025-26. Despite subdued early-season sales, competitive pricing and sufficient exportable supplies are expected to support robust export activity.<sup>26</sup>

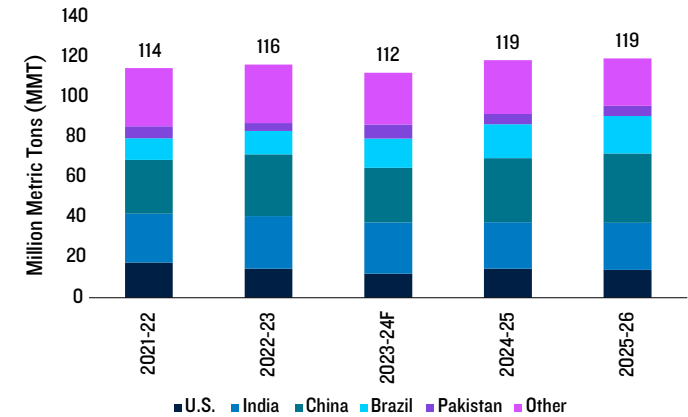
## U.S. cotton prices expected to remain low amid increased global supply

- Despite steady demand, cotton prices remain under pressure due to abundant supplies. U.S. ending stocks are forecast near 4.2 million bales for 2025-26, a slight increase from last year, but a 33% increase from 2023-24.
- The season-average farm price for 2025-26 is estimated at \$0.61 per pound, a 3% decrease from 2024-25, and a 20% decrease from the 2023-24 price of \$0.74 per pound.<sup>27</sup>

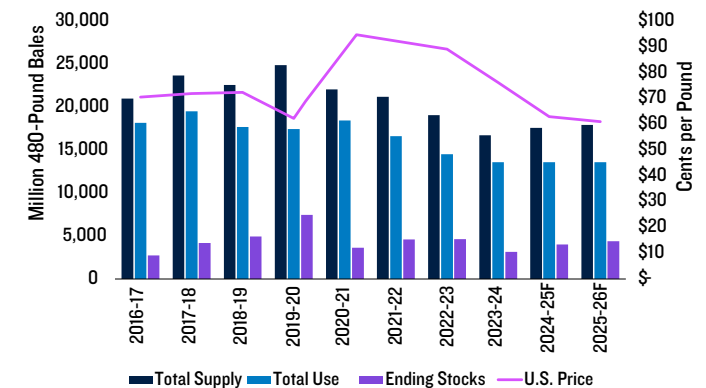
## General outlook

- The U.S. cotton market remains well supplied, with global production slightly exceeding consumption and U.S. beginning stocks up 10% year-over-year. Elevated global stocks, steady demand, and no major supply disruptions point to stable but weaker prices through the 2026 marketing year.<sup>28</sup>

Cotton: Historical Cotton Production by Major Producing Country, 2021-22 to 2025-26F



Cotton: Historical Cotton Supply, Use, Inventories, and Prices, 2016-17 to 2025-26F



Sources: PGIM, USDA Economic Research Service.

# WESTERN REGION



The 2025 farmland real estate market in the Western region demonstrated varied performance, with results differing considerably by commodity type and geographic area. Almond yields fell short of initial projections, contributing to firmer pricing. Pistachio producers experienced favorable returns due to robust demand for kernels. Conversely, walnut production reached its second-highest level on record, exerting downward pressure on prices. Citrus returns remained stable across most fresh-market categories, led by mandarins, while fresh lemon prices showed signs of recovery following two years of sub-breakeven outcomes. Profitability within the vineyard sector continued to face significant challenges region-wide, as persistent oversupply and reduced consumer demand resulted in a second consecutive year of negative returns. Fresh-market crops such as table grapes and stone fruit delivered average performance, with grower returns largely influenced by varietal choice and individual fruit quality.

Land sales activity persisted at a subdued pace, reflecting limited buyer engagement and a shortage of high-quality properties entering the market. Transaction

volume was restricted by an ongoing disparity between seller expectations and buyer valuations. Many growers opted to retain their prime assets, resulting in listings predominantly composed of older, less efficient properties or those with water-related challenges. Land values across commodities experienced declines, as most sales involved distressed assets or those necessitating considerable capital investment. Although select younger plantings in premium water districts were offered for sale, significant bid-ask spreads further hindered deal execution. Financial stress became increasingly apparent in certain areas, with rising defaults and refinancing difficulties – particularly among Washington growers impacted by depressed commodity prices and conservative lending practices. In general, the market continued to prioritize high-quality assets with reliable water resources, while older or marginal properties faced persistent downward pressure.

Water availability was sufficient throughout 2025. As 2026 commenced, the water season – beginning in October 2025 – started favorably but has since been marked by several periods of dry weather. Although

allocation levels remain undetermined as the irrigation season approaches, most growers are expected to encounter increased water costs compared to the previous year. Long-term access continues to be an area of concern, with the Department of Water Resources actively reviewing groundwater sustainability plans. Additionally, certain districts have enacted more stringent pumping restrictions, resulting in growers entering the 2026 budgeting cycle while awaiting final allocation decisions that will significantly impact their operational strategies.

Hazelnut producers in the Pacific Northwest experienced improved and more sustainable returns after several challenging seasons. In contrast, apple and cherry growers encountered a second consecutive year of reduced profitability, attributable to successive large harvests that have not been matched by consumer demand. The Washington wine sector continued to adapt to persistently lower structural demand, resulting in considerable financial pressures for many producers.



## ALMONDS

### The almond supply in the United States is projected to remain steady or experience a slight decline over the coming years

- California continues to account for roughly 75% of global almond production, reinforcing its influence on global market balance. The 2025-26 harvest experienced atypically wet conditions in parts of the state. As of December, receipts totaled approximately 2.5 billion pounds, with most marketers estimating a final crop of 2.6–2.7 billion pounds. This remains well below the USDA's July Objective Estimate of 3 billion pounds. The lower crop size has reduced effective availability and supported firmer pricing ahead of the 2026 season.
- Acreage data point to persistent long-term supply constraints. Bearing acreage is estimated at roughly 1.4 million acres (Land IQ), up only 1% year-over-year, while non-bearing acreage declined to approximately 104,000 acres from 140,000 acres in 2024. Improved pricing has encouraged limited new plantings. However, additional production from these orchards is unlikely to materially impact supply for at least three to four years.

### A decline in domestic almond demand is offset by growth in export shipments

- Total almond shipments for the 2024-25 season reached 2.64 billion pounds, a 1.5% decline from the prior year. Domestic shipments represented 23% of the total and fell 8%. Export shipments accounted for 77% and increased 1% to 1.98 billion pounds, marking the second-largest export volume on record.
- During the first six months of the 2025-26 marketing year (August 2025 to January 2026), shipments totaled 1.27 billion pounds, down -7% year-over-year. Domestic demand remains the weakest segment, with year-to-date shipments declining -18% amid continued softness in U.S. consumption driven by food inflation. Exports are down -3% year-to-date, with mixed regional trends: Turkey (+17%) and Morocco (+24%) increased, while China (-59%) and India (-12%) declined as buyers managed inventories. Recent buying signals have improved, and India continues to represent a key long-term growth market.

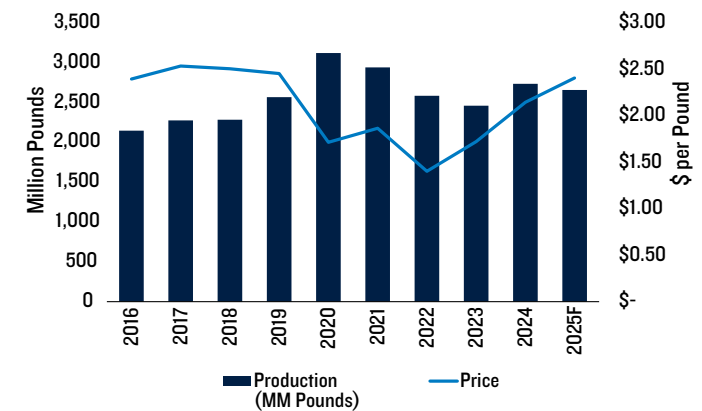
### A steady U.S. almond supply and strong export shipments are improving pricing conditions

- The 2024 crop is projected to conclude within the \$2.30-2.50 per pound range, whereas the 2025-26 season commenced from a more robust baseline, thereby contributing to enhanced grower returns.
- Almond prices have rebounded -20% from 2024 lows and are now consolidating at more stable, sustainable levels. This reflects tighter effective supply, reduced carryover stocks, and improved export performance later in the calendar year. Downside risk appears limited due to lower inventories and acreage, while upside potential is constrained by cautious, incremental purchasing behavior.

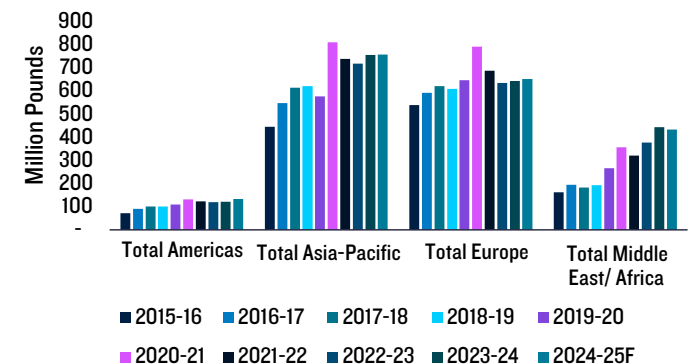
### General outlook

- The near-term outlook is cautiously optimistic, supported by exports, declining inventories, and acreage reductions despite weak domestic demand. Over the longer term, limited acreage expansion, water-use regulation, and rising production costs are expected to reduce surplus cycles and support a more disciplined, economically sustainable pricing environment.

### Almonds: Historical Production and Prices for California Almonds, 2016-25F



### Almonds: Historical Almond Shipments by Region, 2015-16 to 2024-25



Sources: PGIM, California Almond Board.



## PISTACHIOS

### U.S. pistachio growers produce over two-thirds of the world's supply, making them the top global producer

- The United States continues to expand its share of global pistachio production, accounting for 64% of worldwide output in 2025-26, up from 42% 15 years ago. Iran remains the second-largest producer, but drought, groundwater depletion, and aging orchards constrain output and export capacity, with more volume diverted to domestic use and kernels. Turkey's production remains volatile due to alternate bearing and weather stress. U.S. bearing acreage exceeds 528,000 acres (over 620,000 planted), though SGMA water restrictions are expected to temper long-term supply growth.
- The 2025 harvest was an "on-year" and produced a record 1.6 billion pounds, up 500 million pounds from the 1.1 billion-pound 2024 "off-year." Beginning inventories for 2025-26 were among the tightest of the past decade. Shipments from September to January are up 21% year-over-year but remain 8% below the same period in 2023-24.

### Increased U.S. pistachio production is contributing to positive demand growth in international markets

- Export conditions remain favorable as global recognition of U.S. pistachio quality continues to expand. From September 2024 to August 2025, exports totaled 702 million pounds, representing roughly 75% of total demand. While shipments were constrained by supply, underlying demand was strong. Comparing similar off-years, shipments to Germany (+51%), Vietnam (+102%), and Spain (+61%) increased, while China and Hong Kong remained pressured by ongoing trade disputes.
- Domestic shipments declined 5.3% to approximately 237 million pounds, reflecting limited availability rather than weakening consumption. Year-to-date shipments (September 2025 to January 2026) are 22% above the prior year, though about 8% below the 2023-24 on-year peak. Domestic movement is slightly ahead of the prior on-year pace, while exports are modestly behind.<sup>29</sup>

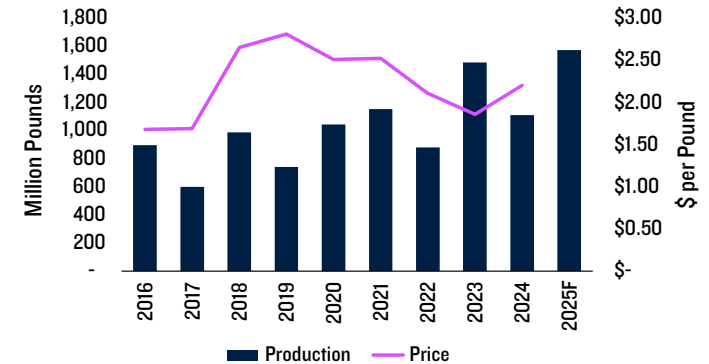
### Pistachio prices remain stable notwithstanding increased production volumes

- In-shell prices were relatively flat through much of 2025, but kernel prices rose ~40%, driven by strong ingredient demand, including increased use in pistachio paste tied to the "Dubai chocolate" trend. Kernel demand tightened effective availability and established a price floor. The crop is expected to finalize at prices above \$2.20 per pound, with prices holding firmly into 2026 due to inventory drawdowns and solid shipments.<sup>30</sup>

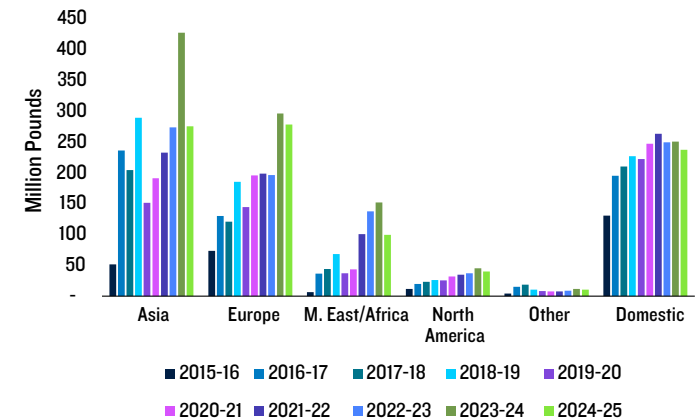
### General outlook

- Entering 2026, the U.S. pistachio market shows strong pricing momentum and stable demand fundamentals. While higher production may require modest price adjustments to sustain shipment volumes, constrained Iranian supply, persistent kernel demand, and limited global inventories should continue to support favorable market conditions for U.S. growers.

### Pistachios: Historical U.S. Pistachio Production and Prices, 2016-25F



### Pistachios: Historical Pistachio Shipments by Region, 2015-16 to 2024-25



Sources: PGIM, Administrative Committee for Pistachios.



## WALNUTS

### Global walnut production is experiencing sustained growth, with significant contributions from China and the United States

- The global supply of walnuts is increasing as production rises in Chile and China; Chile has enhanced post-harvest quality, while China continues to expand its capacity.<sup>31</sup>
- California's 2025 walnut crop reached 807,000 tons – up 34% from 2024 and 15% above the USDA's September 2025 estimate, making it the second largest harvest after 2023's 823,000 tons.<sup>32</sup>
- Bearing acreage in the United States remained at 371,000 acres, while non-bearing acreage dropped 32% to 14,100 acres. Total standing acreage fell 1.4% to 385,000 acres, continuing the decline from the 2021 peak of 450,000.<sup>33</sup>

### Decreased domestic demand is offset by strong demand in various international markets

- The 2024-25 marketing year ended with high shipments and low carryover, strengthening the supply-demand outlook for 2025-26. The large 2025 harvest has increased pressure on marketers to speed up sales.
- Kernel demand drives Western markets like Europe and North America, while in-shell shipments are mainly concentrated in emerging markets in the Middle East, Africa, and South Asia. Tariff barriers in India lead to gray-channel trans-shipment through the Middle East to satisfy domestic demand.
- In the first five months of the 2025-26 season (September 2025 to January 2026), in-shell exports rose 61% and kernel exports rose 13% year-over-year. Year-to-date shipments match the record 2023 crop, as buyers fulfill short-term needs ahead of Chile's March/April 2026 harvest, when market trends are expected to shift.

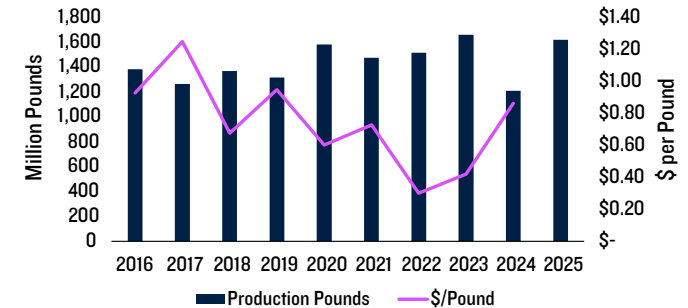
### Walnut prices may not sustain their recent recovery, as a record 2025 harvest could pressure shipments

- The 2024-25 crop grower returns have been finalized at approximately \$0.85 per pound, representing nearly a twofold increase over the previous season, due to reduced inventories and enhanced product quality.
- 2025 crop price discovery continues; rain during harvest reduced quality in some regions. Early signs point to prices similar to or lower than 2024, influenced by higher Chinese production, improved Chilean quality, and a large U.S. supply.

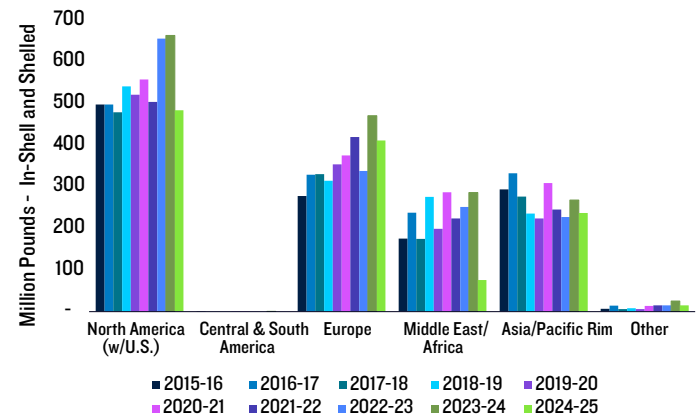
### General outlook

- While U.S. non-bearing acreage has decreased and orchards are being removed, 65% of productive trees are younger (less than 19 years old), high-yielding Chandler orchards that may maintain large crops despite less acreage.
- Short-term pricing will be significantly influenced by the rate of shipments, evolving demand for Chinese walnuts as their quality improves, and the performance of Chile's 2026 harvest.

### Walnuts: Historical U.S. Walnut Production and Prices, 2016-25F



### Walnuts: Historical Walnut Shipments by Region, 2015-26 to 2024-25



Sources: PGIM, California Walnut Board.



## HAZELNUTS

### Hazelnut supplies are projected to increase in forthcoming seasons due to expanded standing acreage

- Global production for 2025 is projected to decline by 6-10% year-over-year, subject to variations in quality-adjusted supply and regional impacts from frost and drought. Turkey, which comprises approximately 70% of worldwide output, faced a significant crop reduction of 20-22% for the 2025 season due to severe spring frost, leading to revised estimates from 750,000 MT to around 609,000 MT in-shell. In Georgia, accounting for roughly 8% of global production, late-season rains caused quality issues, resulting in approximately 5% rotten kernels and consequently reducing usable supply and tightening the premium market segment.
- Italy, Chile, and the United States partially offset supply gaps: Chile's 2025 harvest surpassed expectations, Italy saw modest gains despite earlier concerns, and Oregon produced a strong, high-quality crop and good product size.

### Ongoing innovation in products incorporating hazelnuts is anticipated to sustain growth in demand

- The season commenced with brief periods of heightened purchasing activity, driven by attempts to mitigate supply concerns following Turkish frost updates and speculation regarding decreasing inventories. As the market transitioned into 4Q25 and early 2026, demand stabilized with most leading confectionery producers and industrial users finalizing procurement strategies. Smaller retail purchasers continued to participate but maintained standard order volumes.
- Sustained long-term demand is underpinned by ongoing product innovation, such as the development of plant-based beverages (hazelnut milk experiencing a +22% CAGR), and increasing consumption across India and the Asia-Pacific region, where demand for premium kernels continues to trend upward.

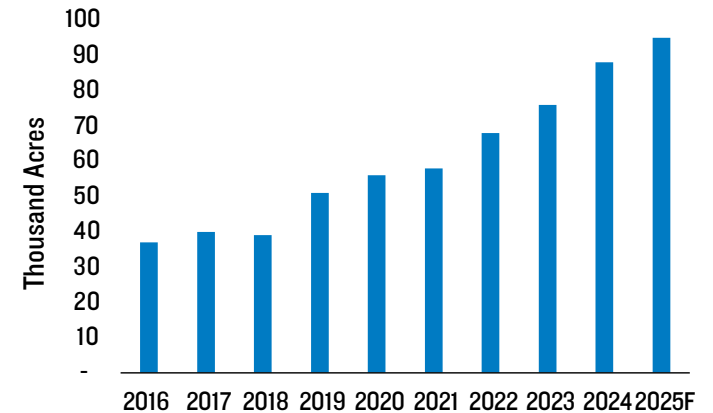
### Prices are aligning with long-term averages as a result of balanced supply and demand

- In the United States, the Hazelnut Growers Bargaining Association Guaranteed Grower Advances increased approximately 40-44% year-over-year across all shell-out categories, attributable to global supply constraints and robust U.S. quality premiums. Shelled varieties continue to yield superior returns.

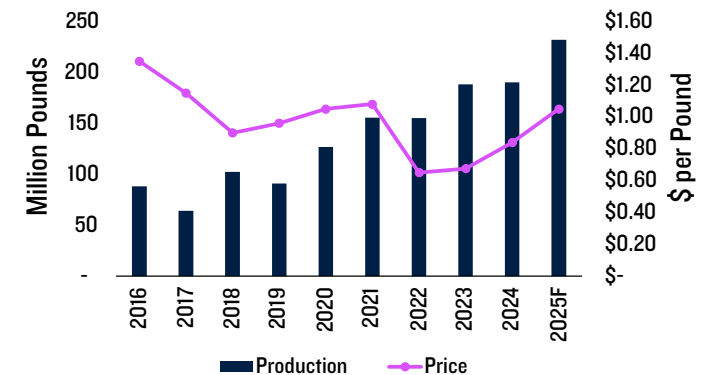
### General outlook

- The global market is projected to remain constrained through 2025 and into 2026, primarily due to Turkey's lower crop yields, ongoing quality challenges in Georgia, and Turkish producers' continued retention of high-quality lots.<sup>34</sup>
- The United States and Chile are expected to become leading premium suppliers, especially for confectionery buyers who prioritize uniform kernel size and minimal defect rates.
- Although prices are expected to remain stable through 2025-26, processors and marketers will continue to closely monitor Turkish growing conditions into 2026 to manage their inventories.

Hazelnuts: Historical Bearing Acreage in the U.S., 2016-25F



Hazelnuts: Historical U.S. Hazelnut Production, 2016-25F



Sources: PGIM, Hazelnut Board, USDA.



## FRESH ORANGES

### The supply of fresh oranges remains stable relative to previous years, with no significant increase projected in the near future

- California navel orange production for 2025-26 is projected at 76 million 40-pound cartons, in line with last year but 5% below the initial 4Q25 forecast due to heavy rains affecting early harvest quality. Planted acreage remains largely unchanged. Over the past three seasons, production has ranged from 72 million to 76.6 million cartons, indicating relative supply stability.
- The Valencia crop is forecast at 15 million cartons, a 3% increase year-over-year as fruit development exceeded expectations. Over the past five seasons, production has averaged 15 million cartons, with a range of 14.6 million to 17.2 million cartons, reflecting consistent output.

### The demand for fresh oranges within both service and retail sectors has remained consistent

- Fresh orange consumption has remained stable overall. In calendar year 2025, domestic demand for navels strengthened during early summer, supporting higher late-season prices. Export demand has been moderate to strong and accounted for 22-28% of total supply over the past five seasons.
- Demand has also remained steady, driven primarily by food service channels such as hotels, restaurants, cruises, and farmers' markets. This contrasts with navels, which are predominantly sold through retail outlets.

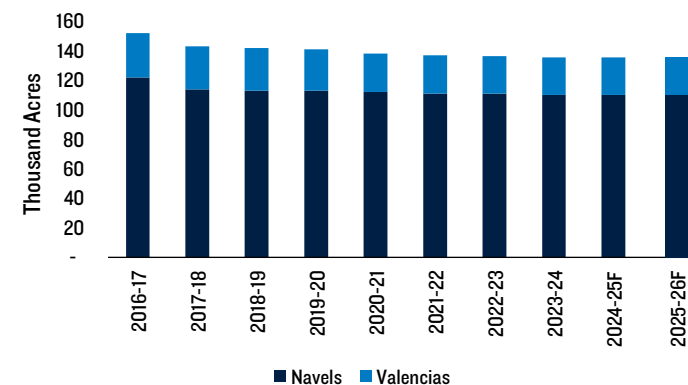
### This season, price fluctuations are anticipated for fresh navel oranges due to a decline in fruit quality as a result of heavy rains

- At the start of 2025, orange juice prices fell from record highs to roughly \$400 per ton, then declined further to approximately \$210 per ton. While most California oranges are sold fresh, the juice market remains an important outlet for cull fruit. Lower juice prices have materially altered market dynamics compared to the prior year, when elevated juice values provided a pricing floor.
- The decline in juice prices can be attributed to reduced consumer demand as higher costs limit market accessibility, alongside an anticipated 24% increase in Brazilian production.
- From October through January, fresh-market prices for the 2025 and 2026 navel crops trailed those of the 2024 crop. Prices typically strengthen from April to May, though notable quality concerns are expected during the 2026 calendar year.

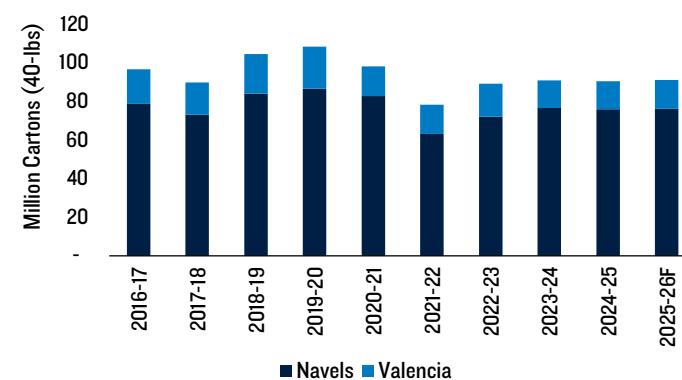
### General outlook

- As food retailers maintain a preference for distributing oranges in produce sections, imports of fresh oranges are anticipated to increase throughout the domestic off-season.
- The outlook for the 2025-26 orange season remains uncertain, primarily due to substantial rainstorms that have negatively impacted fruit quality and delayed the harvest timeline. Additionally, an oversupply of large-sized oranges in the market is anticipated to place downward pressure on prices.

### Fresh Oranges: Historical Bearing Acres for Valencia and Navel Oranges in California, 2016-17 to 2025-26



### Fresh Oranges: Historical and Projected Production for Navels and Valencia Oranges, 2016-17 to 2025-26



Sources: PGIM, USDA.



## LEMONS

### The lemon market remains oversupplied with both domestic and imported fruit, primarily sourced from Argentina

- The 2025-26 California lemon crop is projected at 25 million boxes, representing a 3.1% decrease compared to the 2024-25 crop of 25.8 million boxes. Early harvest reports for 2026 indicate favorable fruit quality and sizing, with seasonal rainfall expected to contribute to larger fruit later in the season. Nonetheless, this increased precipitation may also expedite fruit decay toward the end of the harvest period.<sup>35</sup>
- Argentinian global lemon exports rebounded to 310,000 tons in 2025, an increase from 170,000 in 2024, which was the lowest level in years. Typical exports are ~250,000 tons. In early February, the United States and Argentina reached an agreement to uphold the 10% U.S. tariff on Argentine lemon imports. This arrangement may contribute to stabilizing supply levels and discouraging additional imports that could compete with domestic producers.

### Following a period of reduced consumption, demand for lemons in the food service sector has returned to typical levels

- U.S. demand remains stable, with the food service sector operating at normal levels. Early in the 2026 crop season, sufficient quantities of large-sized fruit were available to satisfy market requirements. However, demand for smaller-sized fruit is anticipated later in the season, which may present supply challenges due to the predominance of oversized fruit.

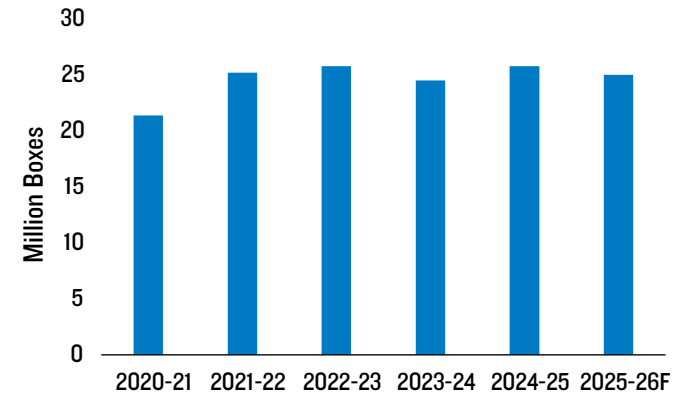
### Given the ongoing supply of lemons and imported limes, prices are anticipated to remain consistent with the lower levels observed during the past three seasons

- The early market pricing for the 2026 lemon crop is currently trending marginally lower than that observed in the preceding three seasons. Pricing is anticipated to remain generally consistent throughout the remainder of the season.<sup>36</sup>
- The lemon juice market remains at levels near historic lows, offering limited profitability for culled fruit.

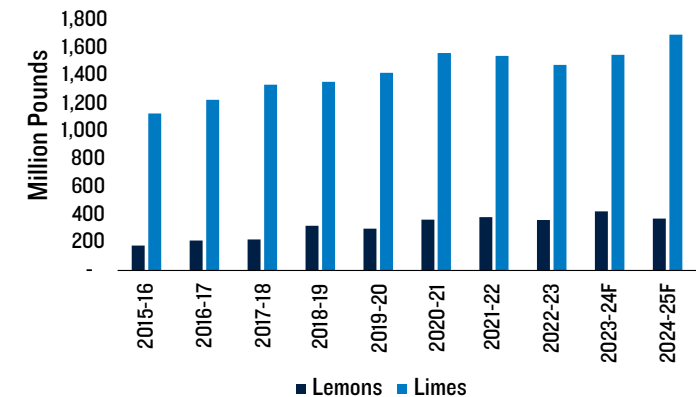
### General outlook

- In California, younger lemon orchards established prior to the decline in market prices are continuing to mature. The resulting increase in production is anticipated to enter the market over the next several years, which may influence pricing dynamics given the relatively inelastic demand.

Lemons: Historical and Projected Lemon Production in California, 2020-21 to 2025-26



Lemons: U.S. Imports of Lemons and Limes, 2015-16 to 2024-25



Sources: PGIM, USDA, California Citrus Mutual.



## MANDARINS

### The supply of mandarins and tangerines in California is anticipated to decrease for the 2025-26 season as a result of environmental factors affecting fruit development

- The forecast for California mandarin production in the 2025-26 season is 27 million 80-pound boxes, reflecting an estimated 10% decline from the prior year. Reduced output is attributed to biological and environmental factors affecting fruit set, including irregular blooms, excess moisture, and heat stress. Total bearing and non-bearing acreage in 2024 was estimated at 62,000 acres, up from 44,000 acres in 2014.
- U.S. mandarin imports are forecast to rise by 4% for the 2025-26 season compared to the 2024-25 marketing year (November to October). Should this projection be realized, it would establish a new import record and represent nearly 50% of total U.S. mandarin consumption.

### Domestic mandarin demand remains steady, backed by domestic output and increased imports

- Demand for mandarins has remained stable, reflecting ongoing consumer interest in fresh and nutritious foods. Over the past four seasons, U.S. consumption for mandarins and tangerines has grown at an average annual rate of 4.5%.
- Mandarin exports have increased at an annual rate of approximately 11% over the past five seasons due to heightened production. These exports represented 9-11% of total production during the most recent three seasons, compared to an average of 7% in the preceding decade.

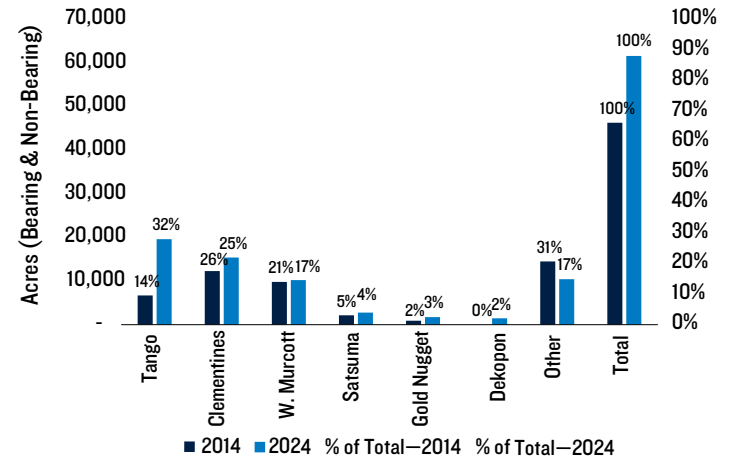
### Early mandarin prices are volatile due to supply and quality, while mid- and late-season mandarins may see better prices with lower supplies

- During the 2024-25 season, the early mandarin crop yielded a smaller volume with high quality, leading to increased market prices. The mid- and late-season crops produced greater volumes of similarly high quality, resulting in stable and favorable pricing.
- In the 2025-26 season, the early mandarin harvest is larger but of suboptimal quality due to significant weather events in California, which is expected to pressure prices. Mid- and late-season crops are smaller with average quality, which should support favorable pricing.

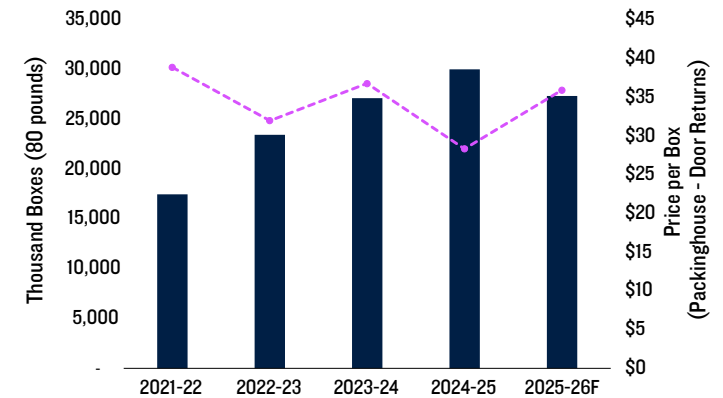
### General outlook

- In 2025-26, California's crop is expected to be smaller due to poor fruit set from weather. This reduced supply may improve grower returns depending on imports.
- Due to robust domestic demand, imports are projected to maintain steady growth throughout the off-season. The improved quality of mandarin imports is contributing to sustained strong consumer purchasing trends.

### Mandarins: Total Acreage (Bearing and Non-Bearing) by Variety, 2014 vs. 2024



### Mandarins: Historical Production and Prices, 2021-22 to 2025-26F



Sources: PGIM, USDA, California Citrus Mutual.



# WINE GRAPES

## California wine grape production has decreased to its lowest level in 30 years

- From 2014 to 2024, California wine grape production shrank by an average of 6.1% per year. In 2024, output fell 21.7% to 2.9 million tons – the largest annual drop in 20 years. The preliminary California Grape Crush report estimates 2025 production at 2.62 million tons, down 9% from the prior year, reflecting structural changes as growers remove old vines, cut inputs, and leave grapes unharvested. California’s standing acreage for 2025 is projected at 477,000, with about 38,000 acres expected to have been removed from October 2024 to August 2025.<sup>37</sup>
- Wine grape production in Washington is projected to have declined by a range of 17-34% in 2025 to an estimated 100,000 to 125,000 tons. Production in this state has declined by 55% in the past decade assuming a production at 125,000 tons. Washington’s bearing acreage dropped to 53,000 in 2024, 1.9% below last year and 7% below the 2022 peak; planted acres are projected at 50,000 for 2025.
- Oregon’s wine grape production is projected to remain steady at approximately 130,000 tons for 2025. Pinot Noir continues to lead the sector, representing 60% of planted acreage and accounting for 58% of total production. Planted acres are expected to remain at 47,000 in line with the prior year.

## Ongoing structural imbalances in supply and consumption expected to sustain long-term shift in wine demand

- The industry continues to encounter significant challenges arising from evolving consumer preferences, market oversupply, and declining demand. Red varietals, particularly Cabernet Sauvignon, have experienced the greatest impact, whereas white varietals like Sauvignon Blanc demonstrate slight increases in sales but remain unprofitable for a substantial number of producers.

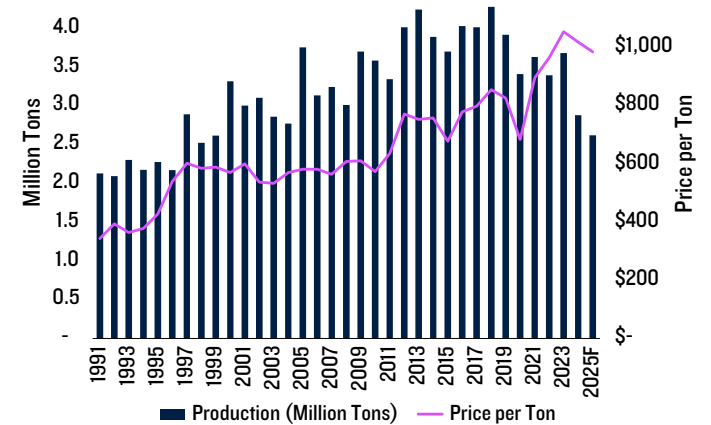
## Wine grape prices are expected to experience continued declines in the short to midterm, as inventory levels remain elevated

- Although output fell in California, 2024 prices dipped just 3.3% to \$1,100 per ton. Stakeholders expect steeper price changes (10-15% lower) in 2025 as producers offload inventories.
- Lower prices are also projected for Washington and Oregon’s wine grape operators, but the extent is unclear.

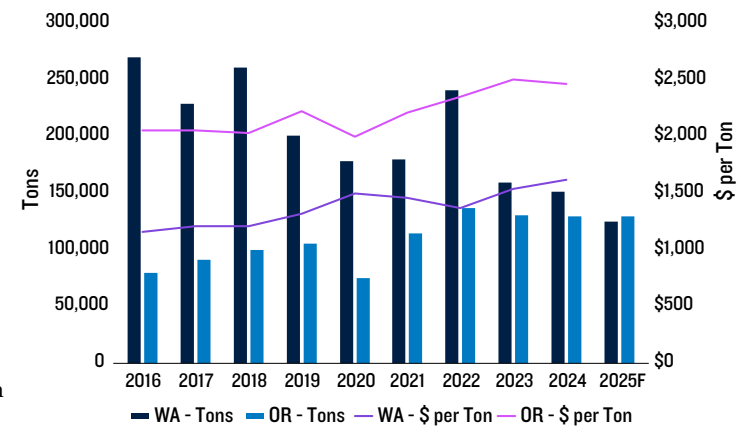
## General outlook

- Wine grape market conditions in 2026 are expected to mirror 2025, with subdued demand and pricing. A timeline for recovery remains unclear. Like California, Washington and Oregon’s wine grape sectors are undergoing significant restructuring amid oversupply and evolving consumer trends. Both states face near-term profitability challenges. Continued acreage reductions and quality-focused strategies are expected to restore balance over time, though the pace of recovery is uncertain.
- Prices are anticipated to remain weak in the upcoming season, as wineries are reducing long-term grape contract commitments and increasingly opting for spot market purchases or annual contracts.

Wine Grapes: Historical Production and Prices in California, 1991-2025F



Wine Grapes: Historical Production and Prices in Oregon and Washington, 2016-25F



Sources: PGIM, California Association of Winegrape Growers, Oregon Wine Board, Washington State Wine Commission.



## TABLE GRAPES

### Global production of fresh table grapes is experiencing sustained growth, whereas domestic production is slowly on the decline

- Global fresh table grape production has increased at an average annual rate of 2.1% over the past decade through the 2025-26 season, primarily driven by a 50% rise in production in China during this period. Significant expansion has also occurred in Peru, where production grew by 42% over the same timeframe. In contrast, U.S. production has experienced a negative growth rate of -2.6% over the last 10 seasons.
- The United States and EU together remain the top importers, accounting for 40% of global import volume.<sup>38</sup>
- The total supply of fresh grapes in the United States has been steadily increasing, accompanied by a notable shift in the balance between domestic production and imports. For the 2024-25 season, imports are projected to constitute approximately 53% of the total supply, compared to 39% a decade earlier. According to the USDA, California's table grape production for 2025 is anticipated to remain at the same level as in 2024.<sup>39</sup>

### Domestic per capita consumption is increasing, largely attributable to improved availability driven by higher import volumes during off-season production periods

- U.S. consumption of fresh grapes continues to demonstrate resilience. Per capita table grape consumption reached 9.5 pounds during the 2024-25 season, an increase from the average of 8.2 pounds over the preceding decade, and is projected to remain at similar levels for 2025–26. This growth has been driven by enhanced availability, broader varietal selections, and strategic retail promotions.<sup>40</sup>

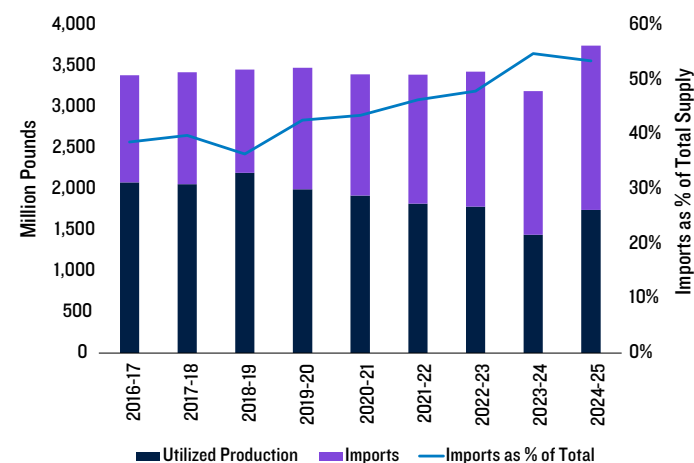
### Fresh grape prices remain elevated with strong retail demand

- Global pricing trends remain volatile, driven by logistics disruptions, varietal shifts, and climate-related production challenges. Steady retail demand in the United States is supporting elevated price levels. In 2025, grape prices increased by 3% to \$3,073 per ton, consistent with the average growth observed over the previous two years.
- Globally, premium seedless varieties maintain a price advantage, driven by advancements in cold-chain logistics and increasing consumer demand for high-quality, low-defect fruit.<sup>41</sup>

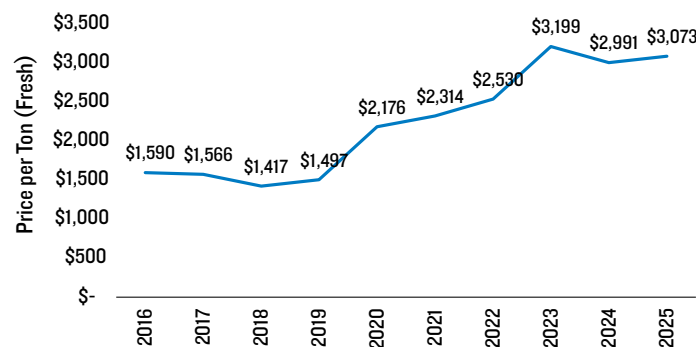
### General outlook

- The 2025-26 season will see Peru expand exports, Chile stabilize supply, and U.S. and China markets shift competitively. Demand for green seedless grapes and better cold-chain in developing regions will drive global consumption.
- Steady U.S. production and higher import quality will keep grapes available year-round, boosting demand. Logistics issues and changing trade policies, especially in Chile, may affect prices and supply during peak periods.

### Table Grapes: Historical Domestic Production and Imports, 2016-17 to 2024-25



### Table Grapes: Historical Prices Received by U.S. Growers



Sources: PGIM, USDA.



## AVOCADOS

### North America remains well supplied with avocados due to robust domestic production and higher imports from Mexico, Peru, and Colombia

- The 2025-26 California avocado crop is forecasted at 330 million pounds, consistent with the previous year's total of 325 million pounds and marking the third consecutive year of production exceeding 300 million pounds. This robust output is attributed to enhanced yields from mature trees and well-maintained orchards.
- In 2025, the total area planted with avocados is projected to reach 55,000 acres, with approximately 51,000 acres expected to be in production.
- Mexico accounted for 77% of all avocado shipments in 2025, followed by California at 11%, Peru at 7%, and Colombia at 4%.

### Strong U.S. avocado demand pushed shipments above 3 billion pounds in 2025

- U.S. demand for avocados continues to increase, with the Hass Avocado Board forecasting that the market exceeded 3 billion pounds in 2025. This represents a 5.7% annual growth and marks a significant milestone demonstrating widespread consumer adoption of avocados into daily diets.<sup>42</sup>
- Retail performance remains robust, with the U.S. segment achieving 12% growth in dollar sales and 4% growth in volume year-over-year, highlighted by particularly strong results in the second quarter. Both organic and bagged avocados continue to capture greater market share, reflecting sustained consumer demand for convenience and premium product features.<sup>43</sup>

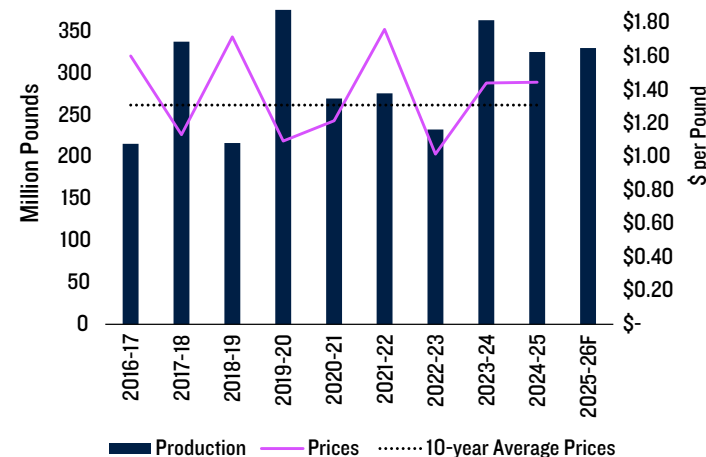
### Prices for California growers remained steady despite robust production and available supplies

- During the 2024-25 season, California's avocado producers maintained stable pricing at \$1.45 per pound, representing a 6% increase over the previous five-year average, despite a 3% annual decline in overall avocado prices compared to the prior season. Over the past decade, prices have ranged from a minimum of \$1.02 to a maximum of \$1.76 per pound, with an average price of \$1.38 per pound.
- Mexican price pressures eased slightly heading into mid-2025, though organic U.S.-grown fruit maintained premiums over Mexican counterparts.<sup>44</sup>

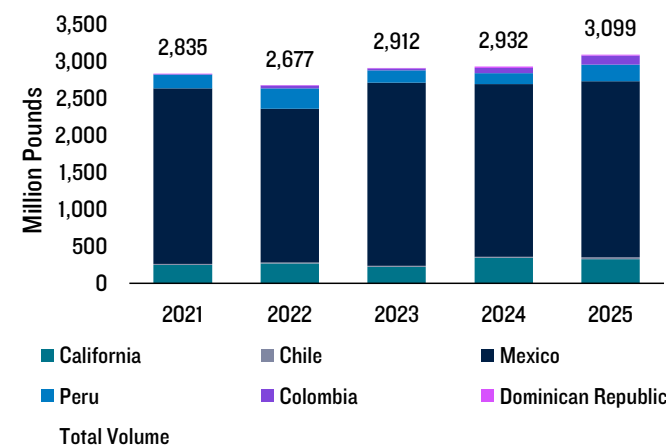
### General outlook

- The 2026 market outlook remains strong, driven by a large California crop, continued U.S. demand expansion, and improved promotional planning by marketers and retailers. California's season is expected to extend well into summer with solid retail interest and robust marketing support from the California Avocado Commission.<sup>45</sup>
- Global supply growth – particularly from Peru and Colombia – may contribute to seasonal oversupply in some markets, though the United States is expected to absorb volume given its position as the world's largest importer.<sup>46</sup>

### Avocados: Historical and Projected Avocado Production and Prices in California, 2016-17 to 2025-26F



### Avocados: Historical U.S. Avocado Shipments by Country/Region of Origin, 2021-25



Sources: PGIM, California Avocado Commission, Hass Avocado Board.



## APPLES

### Sustained consecutive years of robust apple production in the United States are creating significant challenges for industry marketers

- U.S. apple production for the 2025-26 crop year is forecast to reach 290.1 million bushels (42 pounds per bushel), representing a 6% increase over the 2024-25 figure of 274.9 million, and an 8% rise compared to the five-year average of 268.8 million. Washington is projected to lead national production with 190.5 million bushels, marking a 7% annual increase, followed by New York with 34.5 million bushels (up 12%), while Michigan is expected to contribute 26.2 million bushels, reflecting a 4% decrease.
- The Gala apple variety leads with 16% of output, followed by Red Delicious (13%) and Honeycrisp (12%). Gala, Red Delicious, and Fuji are losing market share to newer varieties like Honeycrisp and Cosmic Crisp. Fresh-market use is projected at about 67%, matching long-term trends.<sup>47</sup>

### Consumption for older apple varieties remains stagnant, but shipments of new varieties are increasing

- U.S. per capita consumption for apples in the 2024-25 season is projected at 17 pounds, representing a slight decrease from the decade prior's average of 17.4 pounds. While demand for established apple varieties has been declining, newer cultivars are experiencing increased popularity among both retailers and consumers. Notably, shipments of Cosmic Crisp, Cripps Pink, and Envy apples rose by 46%, 30%, and 17%, respectively, for the 2024-25 season compared to the previous season. Collectively, these three varieties now constitute approximately 20% of total apple shipments, up from 8% five seasons prior.
- The removal of retaliatory tariffs by India in 2023 contributed to increased shipments, positioning India as the fifth-largest U.S. export market; however, prices remain subdued due to ongoing competition from Iran and Turkey. Fresh apple exports for the 2025-26 season are projected at 890,000 tons, up 6% from the prior season. With China's apple crop forecasted to decline by 5% and Turkey's by 40% as a result of adverse weather conditions, U.S. producers may encounter new market opportunities.

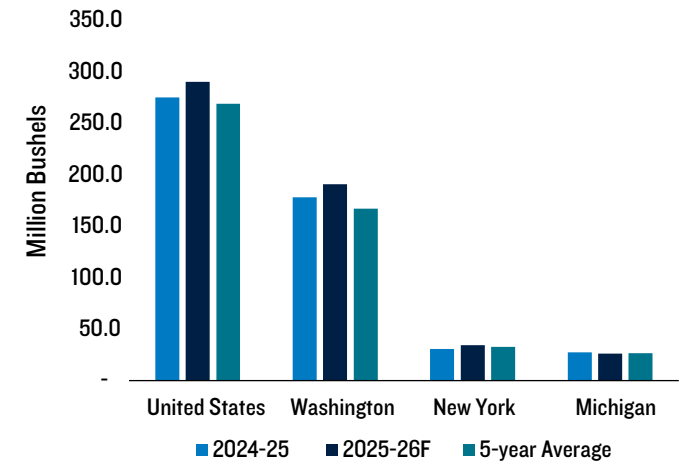
### Prices remain weaker than historical averages amid rise in inventories and larger crops

- In 2025, the average price received for fresh apples in the United States was \$0.69 per pound, reflecting a slight increase from \$0.66 per pound in the previous year; however, this figure remains 6% below the five-year average. Prices have declined relative to the 2021-23 period, when consistent production and robust demand during the pandemic resulted in improved returns for growers.

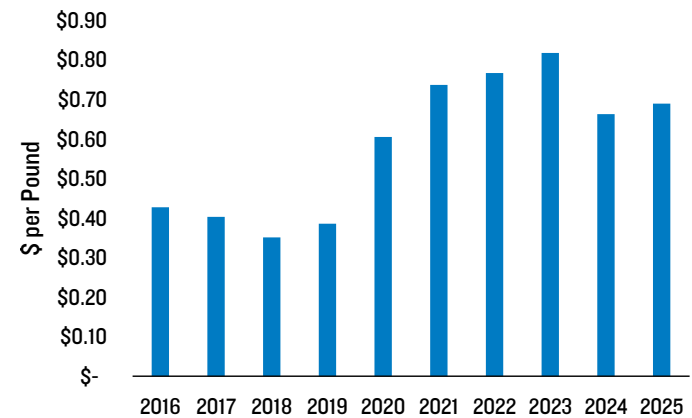
### General outlook

- Given that supply is above average and the share of fresh products is increasing, profitability will hinge on operational efficiency, workforce availability, and export results. While net exports remain positive, their growth has moderated; future expansion will require strengthening sales in India, Vietnam, and Taiwan, as well as maintaining core markets in Canada and Mexico.

### Apples: Historical Production by Region, 2024-25 to 2025-26F



### Apples: Fresh Prices Received by Growers in the United States, 2016-25



Sources: PGIM, USDA.



## CHERRIES

### Sweet cherry supplies ended in 2025 at one of the largest record volumes in the past decade

- The 2025 U.S. sweet cherry supply concluded at an estimated 383,000 tons, representing a 4% increase from the previous season and marking the second largest production level since 2017. Washington recorded a substantial harvest of cherries, totaling 260,000 tons – 29% higher than the prior season – primarily due to favorable bloom and early weather conditions during harvest. This increase in Washington's production compensated for volume declines in California, which experienced a 38% reduction from the prior season. California's lower output resulted from spring heat waves and excessive rainfall that adversely affected yields and caused crop losses among certain growers.<sup>48</sup>
- Washington accounted for 68% of the total U.S. production in 2025, followed by California at 16% and Oregon at 13%.

### The domestic market for cherries exhibits consistent demand, while export channels facilitate supplementary distribution of shipments during peak production periods

- U.S. fresh cherry demand remains stable, with per capita consumption holding near 1.2 pounds and moving largely in line with available supply.<sup>49</sup>
- In 2025, cherry exports increased by 28% compared to the previous season, primarily due to greater supply. An estimated 31.4% of the production in the Pacific Northwest was exported in 2025. Shipments to Canada, the largest market for U.S. cherries, rose by 12% year-over-year. Significant growth was also observed in exports to key Asian markets: Taiwan (+64%), Korea (+76%), Japan (+71%), and Hong Kong (+32%). Exports to Mexico increased by 29%, while shipments to China declined by -23% relative to the prior year.<sup>50</sup>

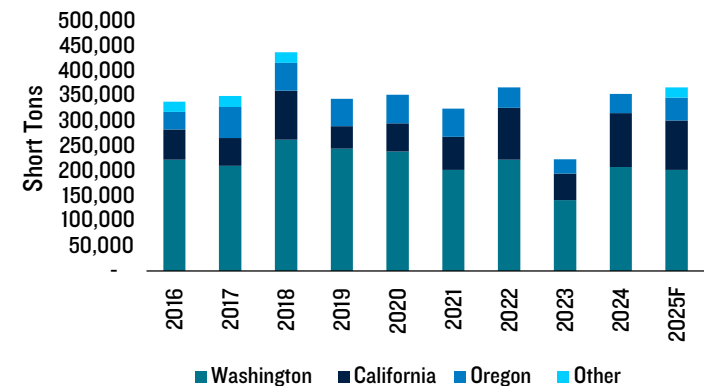
### Cherry price fluctuations attributed to robust supply levels during the previous season

- Cherry growers faced pronounced price volatility during the 2025 season, initially driven by limited early-season supplies followed by a record harvest later in the season. Net prices concluded the season substantially higher for both California and Washington producers, remaining consistent with 2024 levels despite increased production. Promotional efforts by retailers contributed to robust market movement and maintained stable pricing conditions.

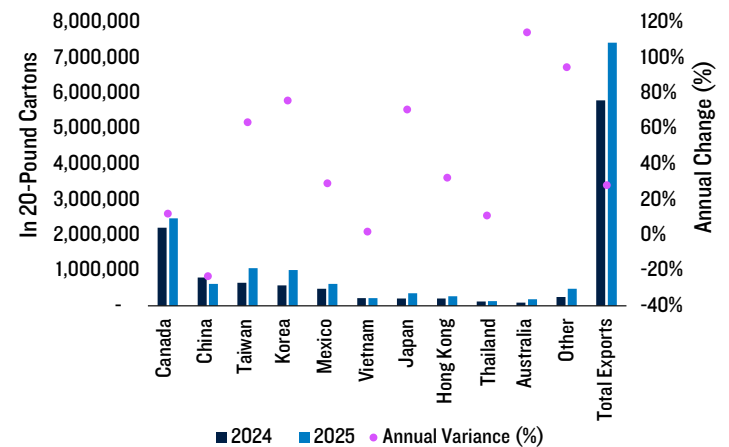
### General outlook

- The U.S. cherry outlook remains firm, supported by USDA-reported increases in Northwest production and stable domestic consumption levels that move closely with supply. USDA trade data indicate continued strong demand from Canada and South Korea, helping to absorb larger Washington volumes and support overall market balance. With acreage concentrated in weather-sensitive regions, the industry's near-term trajectory will depend largely on seasonal growing conditions, but current USDA indicators point to a steady market with reliable export pull.

### Cherries: Historical Production by State, 2016-25F



### Cherries: U.S. Cherry Exports by Top Market, 2024 vs. 2025



Sources: PGIM, USDA.



## DATES

### Global supply for dates remains stable with modest growth due to water scarcity and weather challenges across main producing countries in the Middle East

- In 2025, global date production (fresh and processed) reached 10.07 MMT, up approximately 4% from 2024. Fresh date production for 2025-26 is forecast at 1.29 MMT. During the 2024-25 season, six countries supplied about 75% of global fresh dates: Saudi Arabia (22%), Egypt (15%), UAE (14%), Iran (11%), Tunisia (8%), and Iraq (6%). Sector growth remains modest due to water scarcity and climate challenges.
- U.S. date production has remained steady at an average of 65,000 tons over the past four seasons (2021-24), representing less than 0.5% of global output. Total acreage has stabilized at approximately 17,000 acres across California and Arizona. Long-term expansion is constrained by drought conditions in the Colorado River Basin and rising production costs.

### The volume of domestic date imports is increasing at a rate that is four times greater than the growth of global imports overall

- Over the past decade (2015-24), global date imports have increased at an annual rate of 4%, while U.S. imports have grown faster at 8%, driven by health-conscious consumers and increased use of dates as natural sweeteners.
- The global dates market was valued at \$32.7 billion in 2025 and is projected to grow at an estimated 6% CAGR through 2032, reaching \$49 billion. Asia-Pacific is the fastest-growing region. U.S. consumption rose to 85,000 tons in 2024, up 25% year-over-year, supported by imports from Mexico, Tunisia, and Algeria.

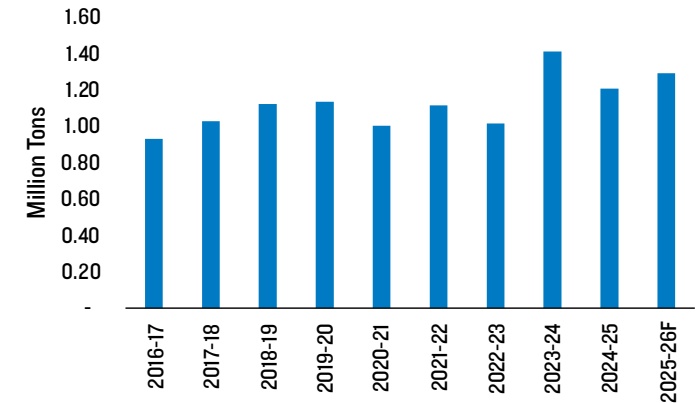
### Domestic prices are attaining record highs due to robust demand and consistent supply

- Overall U.S. date prices reached a record \$4,510 per ton in 2024, compared to \$1,560 per ton a decade earlier. Price strength reflects limited supply growth combined with sustained demand for both domestic production and imports.
- Premium varieties like Medjool and Piarom maintain strong pricing. U.S. wholesale prices for Medjool dates in 2025 ranged from \$3.97-6.11 per pound. Import prices averaged \$2,783 per ton (CIF) in mid-2025, slightly down from early-year highs. Despite global supply growth, firm demand and logistics costs keep prices elevated.

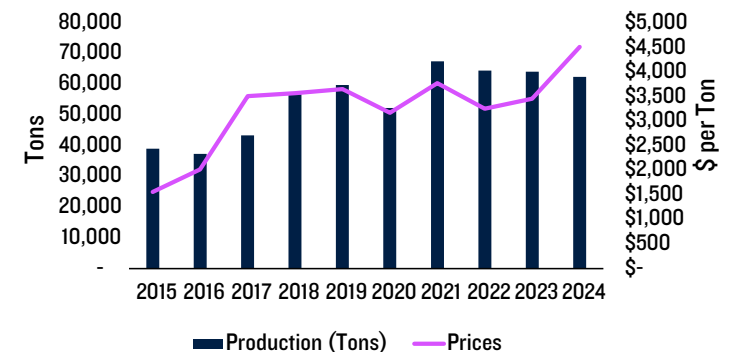
### General outlook

- U.S. production is expected to remain flat or decline slightly due to water shortages and reduced acreage, with growers prioritizing Medjool and organic varieties. Global demand is projected to grow alongside health trends and a rising Asian middle class, while climate and water constraints may keep prices firm through 2026.
- Iran – the largest exporter of dates in the world – could be impacted due to the current war, which could provide opportunities for other major exporters like Saudi Arabia, Iraq, or UAE to expand their markets.

### Dates: Historical Global Fresh Date Production, 2016-17 to 2025-26



### Dates: Historical U.S. Prices, 2015-24



Sources: PGIM, USDA, Internation Nut and Dried Fruit.



## PEACHES & NECTARINES

### Domestic supplies of peaches and nectarines remained stable last season, supported by consistent bearing acreage and favorable weather conditions

- California remained the nation's stone fruit hub in 2025, with NASS estimating ~520,000 tons of peaches, underscoring the state's oversized share of the overall U.S. supply. Weather variability influenced set and sizing, but total tonnage kept California firmly in the lead.<sup>51</sup> 2025 supply was estimated to be less than 2% lower than the prior season, and 4% higher than the prior five-year average.<sup>52</sup>
- Acreage data indicate a gradual reduction in plum-bearing acreage nationally, standing at less than 10,000 acres, while peach and nectarine acreage reflects stable acreage at an average of 37,000 acres for the past three seasons.

### Per capita consumption for stone fruit has shown limited growth, attributed to intensified competition among fresh fruit varieties within the same marketing period

- Per capita fresh peach consumption has averaged 2.5-2.8 pound for the past five years, while processed peach consumption has declined steadily from 2.7 pounds in 2015 to approximately 2 pounds in 2024.
- According to the USDA, per capita consumption of plums averages roughly half a pound per person each year.<sup>53</sup>

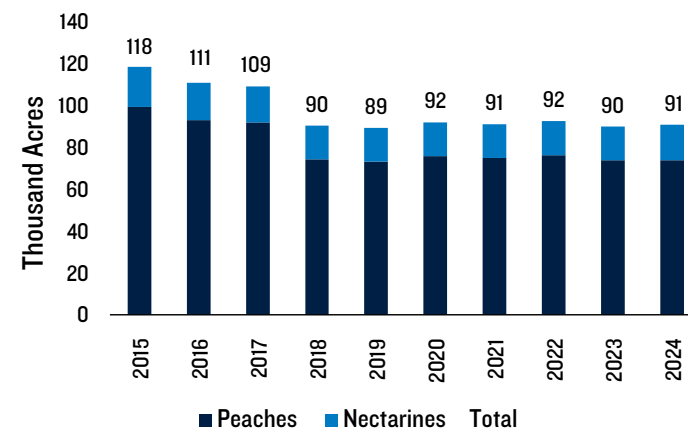
### Limited supply growth, stable demand, and enhanced promotional efforts for peaches during the marketing season are contributing to increased prices

- Pricing for peaches, nectarines, and plums generally trended higher than the previous crop year, supported by tighter supplies and better fruit quality. Peaches showed an increase from \$16.85 per 25-pound box to \$17.70 per 25-pound box, nectarine prices increased from \$17.33 to \$17.92, and plums increased from \$20.23 to \$20.67. USDA wholesale market reporting showed consistently firmer prices across much of the season, with early-season markets in particular running above year-earlier levels due to lighter volumes coming out of California. As the season progressed, pricing remained relatively steady compared to the prior year but still maintained a modest upward trend overall.<sup>54</sup>

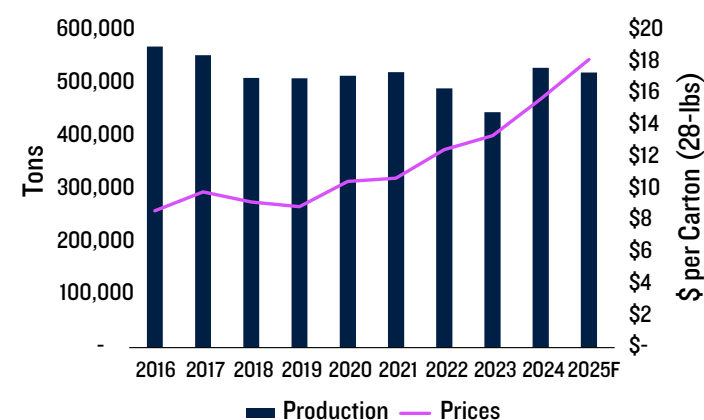
### General outlook

- The stone fruit industry is expected to remain tightly supplied, as USDA acreage and production data show no meaningful expansion in peaches, nectarines, or plums. Stable domestic consumption combined with steady import and export patterns point to a balanced but firm market, where pricing benefits from limited supply growth.<sup>55</sup>

Peaches and Nectarines: Historical Bearing Acres, 2015-24



Peaches and Nectarines: Historical Production and Prices in California, 2016-25F



Sources: PGIM, USDA.

# TIMBER



In 2025, timber markets throughout the United States were influenced by macroeconomic deceleration, inconsistent product demand, and ongoing transformation within the forest products industry. Elevated interest rates reduced new housing starts, thereby curbing lumber consumption, even as renovation activity remained stable and household formation sustained positive trends. According to Census data, monthly housing starts in 2025 averaged 1.35 million units, slightly down from the 1.36 million in 2024. Forisk’s revised forecast projects total housing starts for 2025 at 1.35 million, increasing to 1.37 million in 2026. Labor shortages in the construction sector persisted across all regions, continuing to temper downstream wood product consumption.

Supply conditions varied across regions. The South sustained robust pine inventories, attributed to longstanding plantation development and healthy biological growth, whereas the Pacific Northwest faced challenges including aging timber stands, harvest limitations, and wildfires that required adjustments in

operational strategies. In the northern United States, hardwood producers saw consistent demand for high-grade logs, but the pulpwood market remained weak, mirroring nationwide declines in domestic printing and writing paper use. The closure of pulp mills accelerated industry transformation; since 2019, at least 29 U.S. pulp mills have either ceased operations or significantly restructured, leading to a 20% reduction in wood-based pulp capacity. These developments had an outsized impact on southern pine pulpwood markets, exacerbating supply-demand disparities and increasing reliance on mill byproducts and recycled fiber.<sup>56</sup>

Price movements in 2025 reflected underlying structural dynamics within the market. In the South, softwood sawtimber prices declined, with occasional localized increases where mill investments restricted procurement zones. Western log prices demonstrated volatility in response to export market conditions, experiencing a significant decline in the third quarter before stabilizing due to stronger demand from Japan. While hardwood sawtimber experienced lower prices in 2025 compared

to the prior year, the price performance for this timber product nationwide remains relatively stable due to specialized demand and constrained supply flexibility. Pulpwood prices weakened across most regions, which was primarily a result of reduced virgin fiber utilization – an ongoing impact of mill closures, heightened competition from recycled fiber, and enhanced production efficiencies within the packaging industry.<sup>57</sup>

Investors remained active across the timberland asset class, motivated by stable biological growth, strong carbon sequestration benefits, and long-term portfolio diversification characteristics. Near-term market conditions will likely remain mixed in 2026, although structural demand for lumber, OSB, packaging, and bioenergy supports a constructive long-term outlook for U.S. timberland performance. Continued capital investment into southern sawmills and western modernization projects underscores confidence in the sector’s long run fundamentals, even as the industry navigates shifting global trade patterns and evolving fiber markets.<sup>58</sup>



## TIMBER: EASTERN REGION

### Timber supply in the southeastern region is experiencing sustained growth, driven by robust and vigorous biological development

- The U.S. South timber supply remained high in 2025, supported by strong plantation productivity and elevated inventories, though weather-driven access issues caused uneven logging conditions and inconsistent mill deliveries across regions.<sup>59</sup>
- Pulp and paper mill closures in coastal Georgia reduced pulpwood demand, exacerbating pine pulpwood oversupply in the eastern Gulf, but the South remained a key timber source as sawmill and pellet investments, strong infrastructure, and high inventories supported stable supply.

### Timber demand in 2025 exhibited variability based on end-use application

- Softwood lumber demand stayed below long-term averages due to weak housing starts, though a modest third quarter improvement lifted procurement above late-2024 levels, when southern sawmill production was 22.1 billion board feet. Pine-grade markets were stable while pulpwood demand softened as recycled fiber gained share.
- Exports were mixed, with continued declines to China, stable to slightly higher shipments to Mexico, and stronger hardwood saw timber demand supporting firm pricing in specialty wood products.<sup>60</sup>

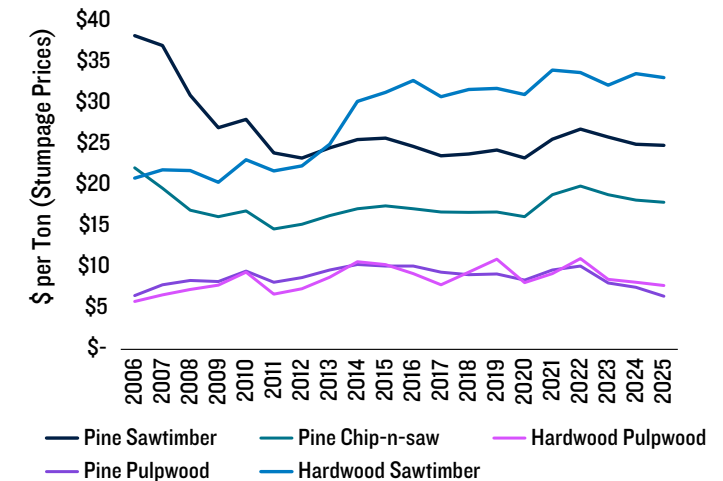
### Timber product prices declined in 2025, marking the third consecutive year of losses

- Stumpage prices for southern timber products remained subdued throughout 2025. Pine sawtimber concluded the year at an average of \$24.87 per ton, a decrease of approximately \$0.15 per ton (-1%) from the prior year, attributed to high inventories and limited sawmill demand. Pine chip-n-saw prices averaged \$18 per ton, reflecting a slight decline of about \$0.24 per ton (-1%) compared to 2024. Pine pulpwood underwent a significant reduction, reaching an estimated \$6.48 per ton, down \$1.93 per ton (-14%) year-over-year due to ongoing mill closures and continued oversupply.
- Hardwood sawtimber prices were comparatively resilient, down 1% from the prior year to \$33.13 per ton, while hardwood pulpwood remained near \$7.80 per ton, down modestly by approximately \$0.40 per ton year-over-year.<sup>61</sup>

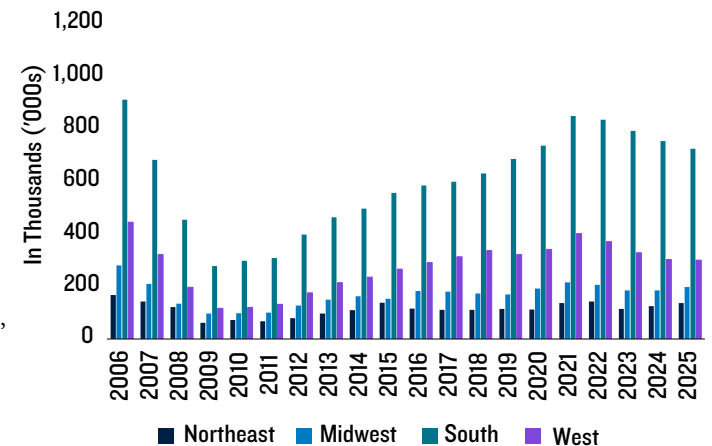
### General outlook

- Pine pulpwood markets are expected to remain weak due to recent mill closures and ongoing sector shifts. Sawtimber prices may stabilize where new or expanding mills boost procurement competition. Strong inventories, continued mill investment, and efficient supply networks will keep the South a leading timber producing region.<sup>62</sup>
- More consolidation could be experienced in the future, a notable example being the Potlatch Deltic and Rayonier merger, resulting in an enterprise value of \$8.2 billion across 4.2 million combined timberland acres.

Timber: Historical Southwide Average Timber Stumpage Prices (\$/Ton), 2006-25



Housing Units: Historical Housing Unit Starts by Region, 2006-25



Sources: PGIM, TimberMart-South, Forisk, U.S. Census Bureau.



## TIMBER: WESTERN REGION

### Timber supply in the Pacific Northwest tightened moderately in 2025 as domestic log prices fell from early highs and exports slowed

- Douglas-fir and hemlock availability remained steady, although mills encountered less surplus volume than in previous years. Oregon and Washington recorded a 14% and 6% quarterly decline, respectively, in Douglas-fir log prices. Hemlock prices fell 5% in Oregon and 3% in Washington. These price movements reflected softer export demand and more cautious mill procurement rather than significant shifts in standing inventory.<sup>63</sup>
- Shipments of export grade logs to China continued to fall for the second year, reducing competition for lower quality sorts.<sup>64</sup> Logging and hauling operations remained consistent, and long-term cost expectations suggest roughly a 3% increase over the next decade due to inflation and rising equipment costs.

### Log demand in the Pacific Northwest mirrored a subdued housing market in 2025

- Pacific Northwest log demand remains soft, reflecting weaker housing activity, flat sawmill output (1-2% up from 2024 at 13 billion board feet), and reduced exports to China, while use of Douglas-fir and hemlock continued to anchor regional demand.
- Export demand may improve modestly from Japan as capacity is restored, but overall growth remains limited and closely tied to U.S. housing starts and lumber production levels.<sup>65</sup>

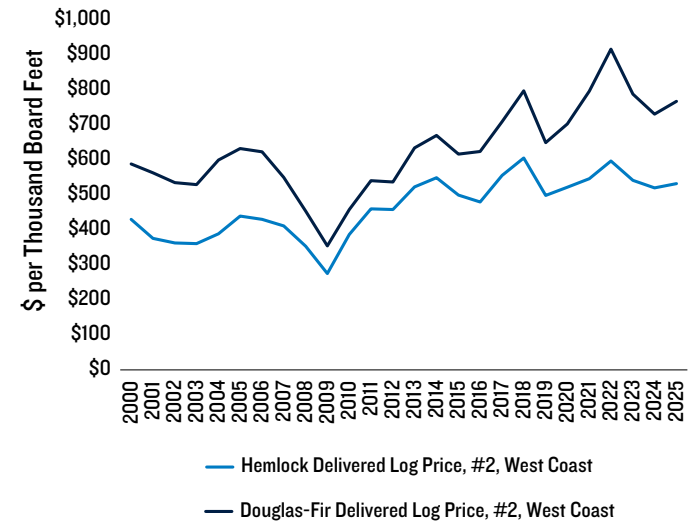
### Log prices in the Pacific Northwest are projected to remain stable in 2026 despite softer conditions in 2025

- Delivered log prices softened through mid-2025. Oregon Douglas-fir prices averaged approximately \$750 per thousand board feet during the third quarter, 10% lower than 2024 levels. Export Douglas-fir averaged roughly \$896 per thousand board feet, down approximately 1% year-over-year. Export hemlock prices averaged roughly \$610 per thousand board feet in 2024 and remained largely flat into 2025, holding near \$605.
- The base case price outlook anticipates moderate gains. Oregon Douglas-fir is projected to rise 2% in 2025 and 5% in 2026. Washington is expected to increase 5% in 2025 and 1% in 2026. Prices are expected to flatten after 2029 due to housing demand.<sup>66</sup>

### General outlook

- The 2026 Western timber market is projected to maintain stability, characterized by moderate supply constraints, conservative mill demand, subdued export volumes, and a progressive price recovery driven by steady domestic consumption and the gradual resurgence of Japanese log purchasing.

Timber: Pacific Northwest Delivered Log Prices, 2000-25



**+5%** From 2024

#### DOUGLAS-FIR DELIVERED PRICES

Prices for this wood product increased to \$766 in 2025 from \$730 per thousand board feet in 2024

**+2%** From 2024

#### HEMLOCK DELIVERED PRICES

Annual prices were up in 2025 to \$532 from \$520 per thousand board feet in 2024

Source: PGIM.

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As such, all properties are held in a fiduciary environment. Reinvestment of dividends is not applicable to this asset class. Note: A benchmark Index is not professionally managed, does not have a defined investment objective, and does not incur fees or expenses.

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Source of the Benchmark: NCREIF - National Council of Real Estate Investment Fiduciaries.

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