



O

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Production in California



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About NutVision:

With its principal offices in **Lisbon**, Portugal, **Nisão-NutVision** stands at the forefront of nut harvesting and processing innovation, providing comprehensive solutions tailored to empower nut growers and processors, regardless of their scale. Our expertise lies in delivering systems that not only enhance product quality but also significantly reduce energy, labor, and operational costs. Through our integrated approach, we are committed to streamlining operations and driving efficiency across the board, making **Nisão-NutVision** a trusted partner in the nut industry.

Our Comprehensive Services

Planning is the most important part of establishing a successful agricultural business, especially in a long-term project such as a walnut plantation. We have carefully managed this process for more than 2,500 hectares of walnut plantations for our clients across Europe. From financial feasibility studies and orchard establishment to harvesting mechanization and processing plants, **Nisão-NutVision** is here to support you with all your needs, ensuring you begin with the right planning and strategy. Our comprehensive services include:

- Harvesting mechanization
- Integrated walnut processing plant design and turnkey establishment
- Financial studies and business plans
- Orchard planning and establishment
- Enhancing productivity, efficiency, and quality
- International marketing and brand development



We are less than two weeks away from the usual start of the 2024 Walnut Harvest season in **Europe**. This year, more than ever, there is heightened alertness in the market. Everyone, from growers to customers, is trying to gauge the direction of prices. With **negative indications** from **California** and **Chile** regarding this year's production, European growers are finally anticipating an end -or at least a temporary break- to the downward spiral in walnut prices. Unlike in the last two years, weather has been more favorable this summer, and the water availability has not been a major issue in many places. All the good ingredients for a decent production and quality expectation. Let us see how the weather conditions will play out during the harvest, as it arguably can have the most important impact on how the season will end.

In our recent publications, prior to the release of the **California Walnut Objective Measurement Report**, we outlined our expectations for the Californian walnut production, which closely aligned with the official data. A **19% drop** in the production of the **world's largest walnut exporter** will undoubtedly impact the market, especially in a year that the markets are beginning with one of the **lowest carry over inventory** in many years.

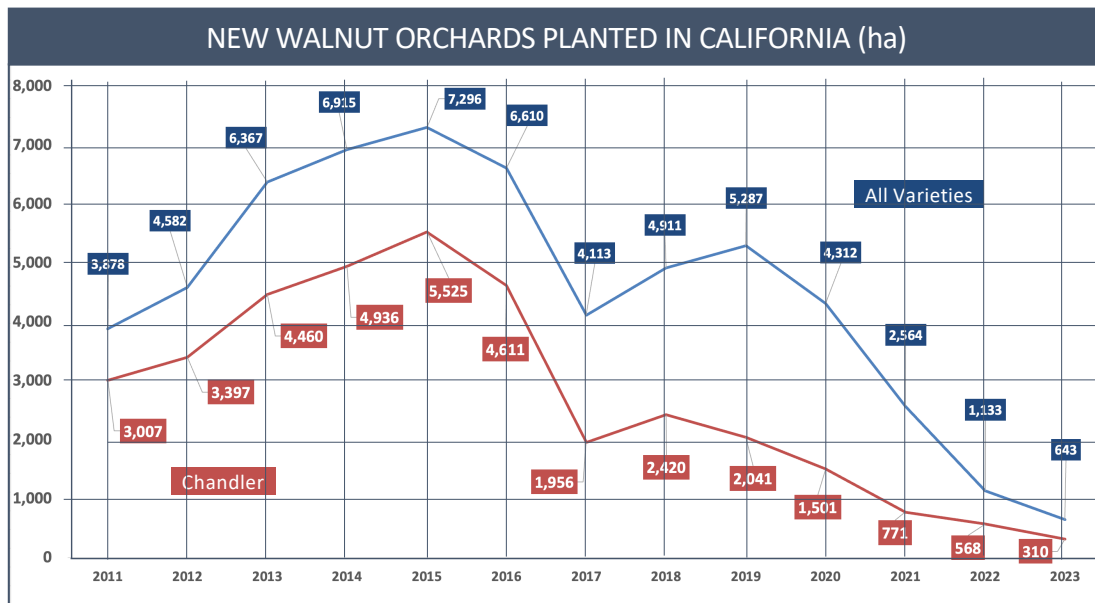
After the dust settled from this significant announcement, we spent time reviewing the data more closely, cross-referencing various sources, and assessing whether any **hidden figures** provide insight into the market's trajectory over the coming years.

This paper summarizes our assessment of the in **Outlook of Walnut Production California** during the next **3 to 5 years**. In our following reports, we plan to dive deeper into Chile, China, and Eastern Europe.

Outlook of Walnut Production in California



Plant sales from commercial nurseries is a very good indicator of **new plantations of walnut orchards**. Yes, plants could also be used to replace old or lost plants but not just new orchards, but we will have to disregard this small variable, and assume all plants sold are used exclusively for new plantation areas. The chart below, shows the rise and fall of new walnut plantations during the period of 2011 and 2023, where figures represent the total areas (in ha) of new walnut plantations established in California. The **dark blue line** represents **all walnut varieties**, while the **red line** focuses specifically on the **Chandler** variety. As depicted, new annual plantations grew steadily, reaching **7,300 hectares** in **2015**—nearly double the **3,800 hectares** recorded in **2011**.



Source: USDA, National Agricultural Statistics Service, Pacific Regional Office

After plateauing at **7,296 hectares** of new walnut plantations in **2015**, this figure began to decline, dropping to **4,114 hectares** by **2017**. Although there were a few years of moderate increases following this dip, a more pronounced decline in new walnut plantations started in 2019. The latest available data, for the 2024 season, shows only **643 hectares** of new plantations—**just 13% of the annual average** over the last 12 years. This marks a significant contraction in the establishment of new walnut orchards compared to earlier years.

Another leading indicator of the outlook for walnut production in California is the rate of orchard removals, whether due to aging, declining productivity, or owners abandoning their plantations. According to data published by LandIQ, a California-based consultancy specializing in soil science, water quality, and demand management, a total of **16,425 ha** of walnut plantations were **removed** between October 2022 and May 2024, while **7,165 ha** were abandoned by their owners and are likely to be removed in the coming years.

	Sep.23 - May.24	10/'22-8/'23	Total
Confirmed Removals	4,725 ha	11,700 ha	16,425 ha
Abandoned Orchards (likely to be removed)	7,165 ha		

Source: California Walnut Board - LandIQ acreage study

By combining the values derived from these two charts, the net change in walnut plantation areas in California over the last two years (new plantations minus confirmed removals) exceeds **14,000 ha**, excluding abandoned orchards. Including abandoned orchards, this figure rises to approximately **21,000 ha**, which represents **13.5% of the total walnut plantations in California**.

Given the long-term nature of walnut investments, this suggests a trend that is unlikely to reverse unless there is a sustained upward shift in prices. We can expect a continued decline in Californian walnut production in the coming years, with fluctuations—some years experiencing more significant declines and others less so, even with occasional marginal increases.

It is therefore, the right time for European walnut growers to focus on taking actions that will improve their productivity, quality and cost structure.

NutVision wishes all walnut growers a fast, easy, and successful harvest season!

Sept 24, 2024
Lisbon