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**THE CALIFORNIA AVOCADO INDUSTRY TRENDS: PRODUCTION, COSTS, PROFITABILITY AND FUTURE PROSPECTS**

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The California avocado industry which had shown declining acreage trends over the last two decades is showing a reversal with both acreage and income on the rise. The industry still faces the challenges of increasing production costs mainly caused by escalating water prices and land values. Water costs in some areas of southern California - the highest avocado producing region accounts for ~30% of the production cost. Population growth and urban expansion have increased the demand and thus the prices of water and land. This paper will analyze the industry's costs of production and the improvements that are helping the industry's viability.

