



Water Markets in Arizona: Industrial Water Use

WRRC Conference 2026

April 14, 2026

**WE KNOW
THE VALUE OF
WATER**

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RESEARCH

Who We Are: WestWater Research

We Know the Value of Water

- Leading Economic Consulting Firm in Water Resources



WestWater is nationally recognized for our expertise in water right appraisals and have helped define the standards for water valuation in many of the western states.

We support the development of robust strategies for water transactions and help to navigate water assets through an information-driven process to achieve a successful transaction.

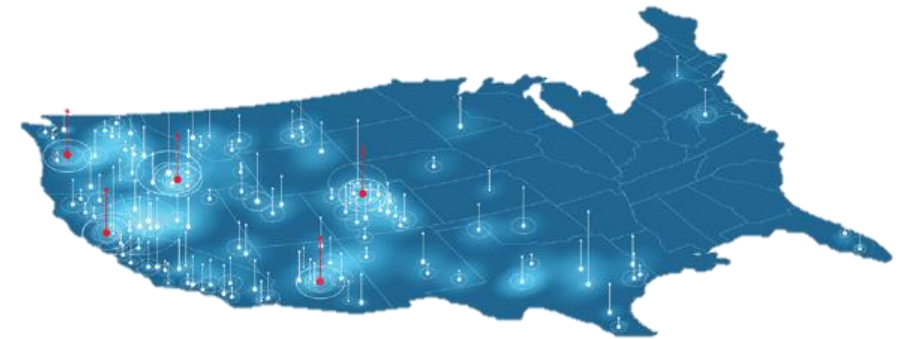
We ensure clients are well informed on current water resource economics, trading activity, as well as regulatory and policy changes that influence water supply and demand.

National Reach with Regional Expertise

- Offices in 7 States across the western US
- 20+ years of experience advising public, private, and non-profit sector clients
- Supported over \$1.5 billion in water rights transactions

Waterlitix™

- WestWater's proprietary platform and the industry's most robust source for pricing intelligence on water rights and infrastructure transactions.
- Nation's largest and most comprehensive pricing source for water transactions
- 30,000+ water transaction records



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Water Markets in Arizona: Industrial Water Use

Industrial Use Water Suppliers

Industrial use water suppliers within Arizona Active Management Areas (AMAs)

Summary of Asset Types

Arizona water assets applicable to industrial use

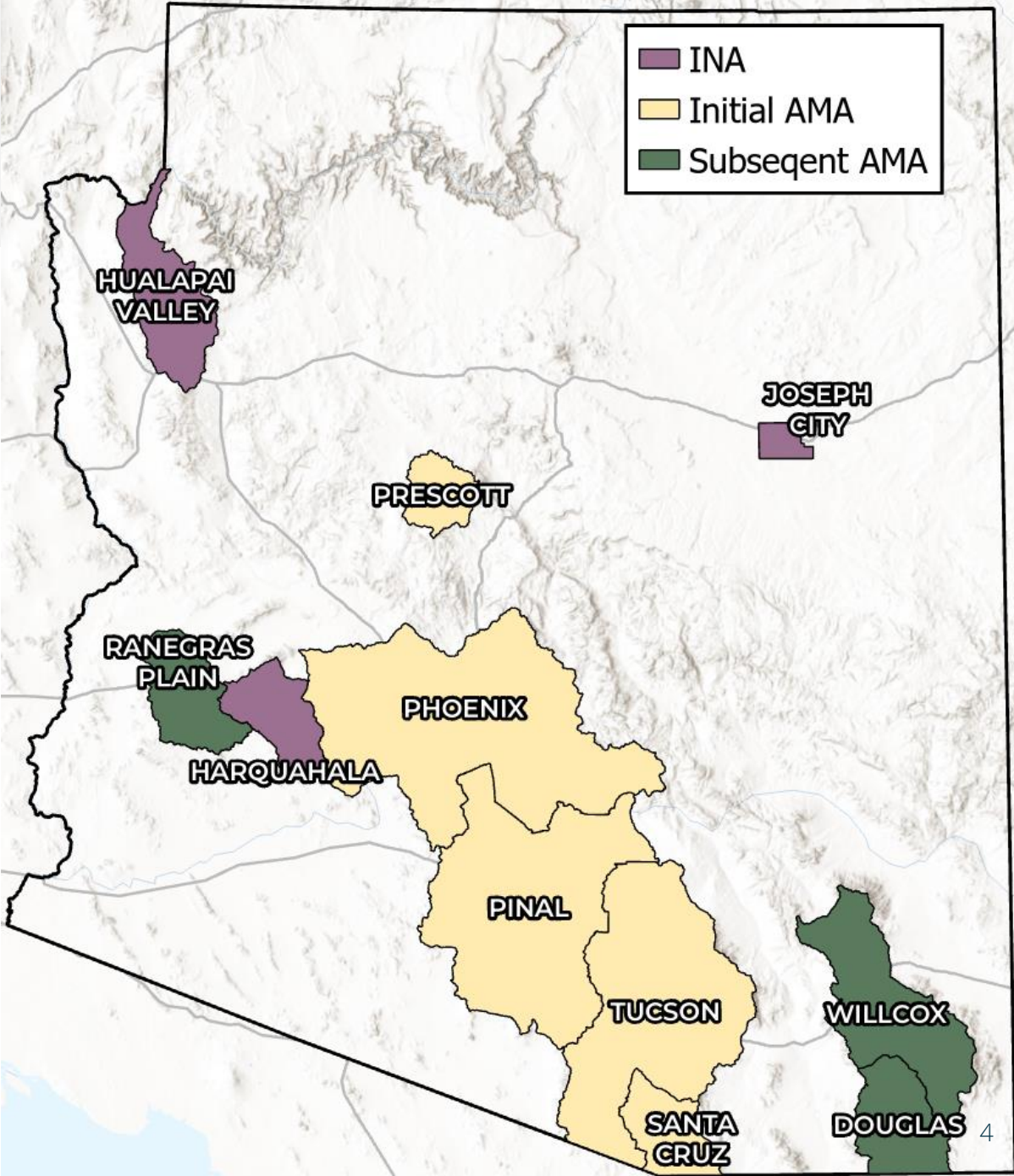
Water Market Activity, Value, & Trends

Activity, values, & trends for water assets applicable to industrial use

Potential Market Influences

Potential influences to market activity, trends, & value

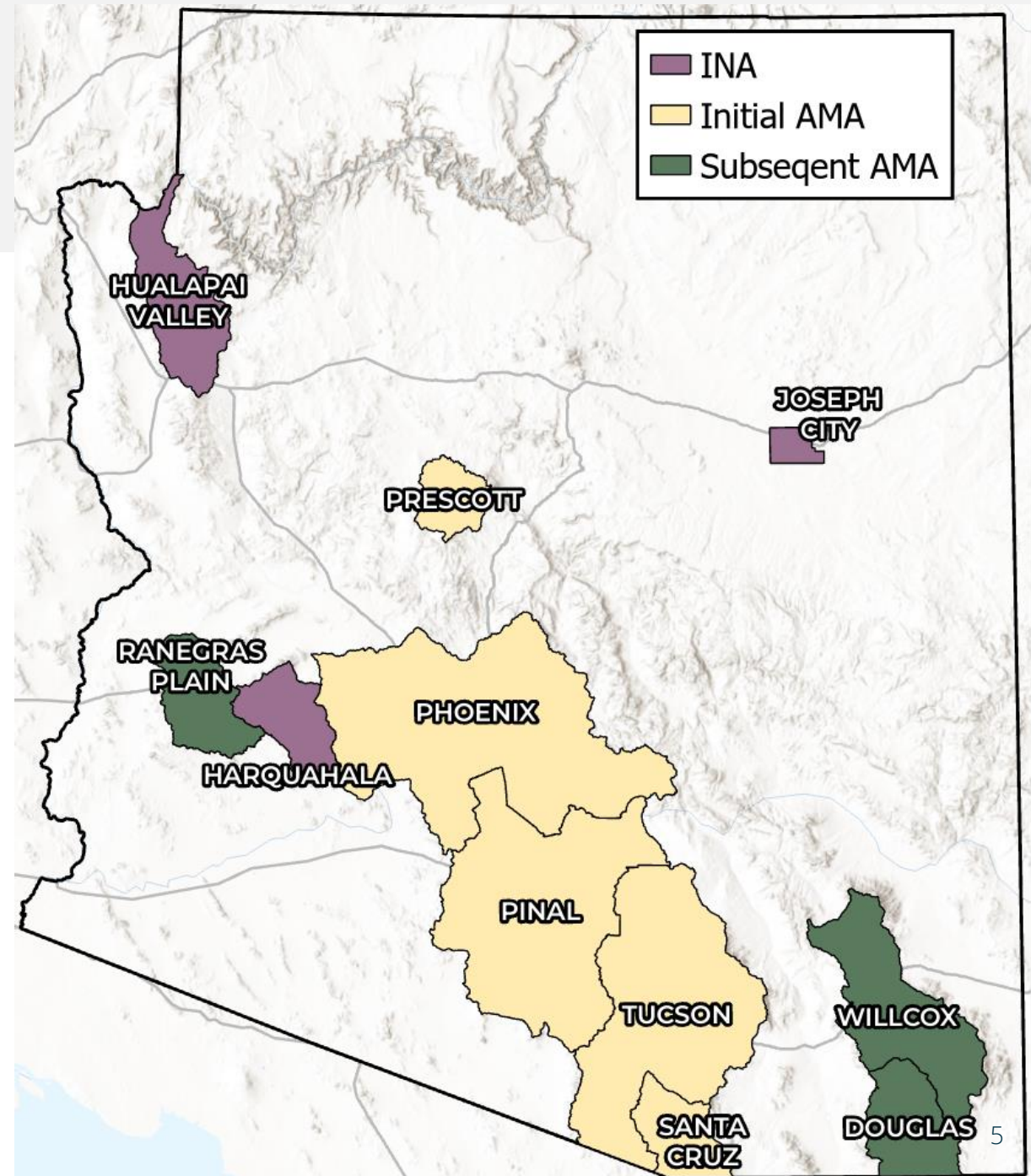
Industrial Use Suppliers within Arizona AMAs:



Industrial Use Suppliers within Arizona AMAs:

MUNICIPAL PROVIDER

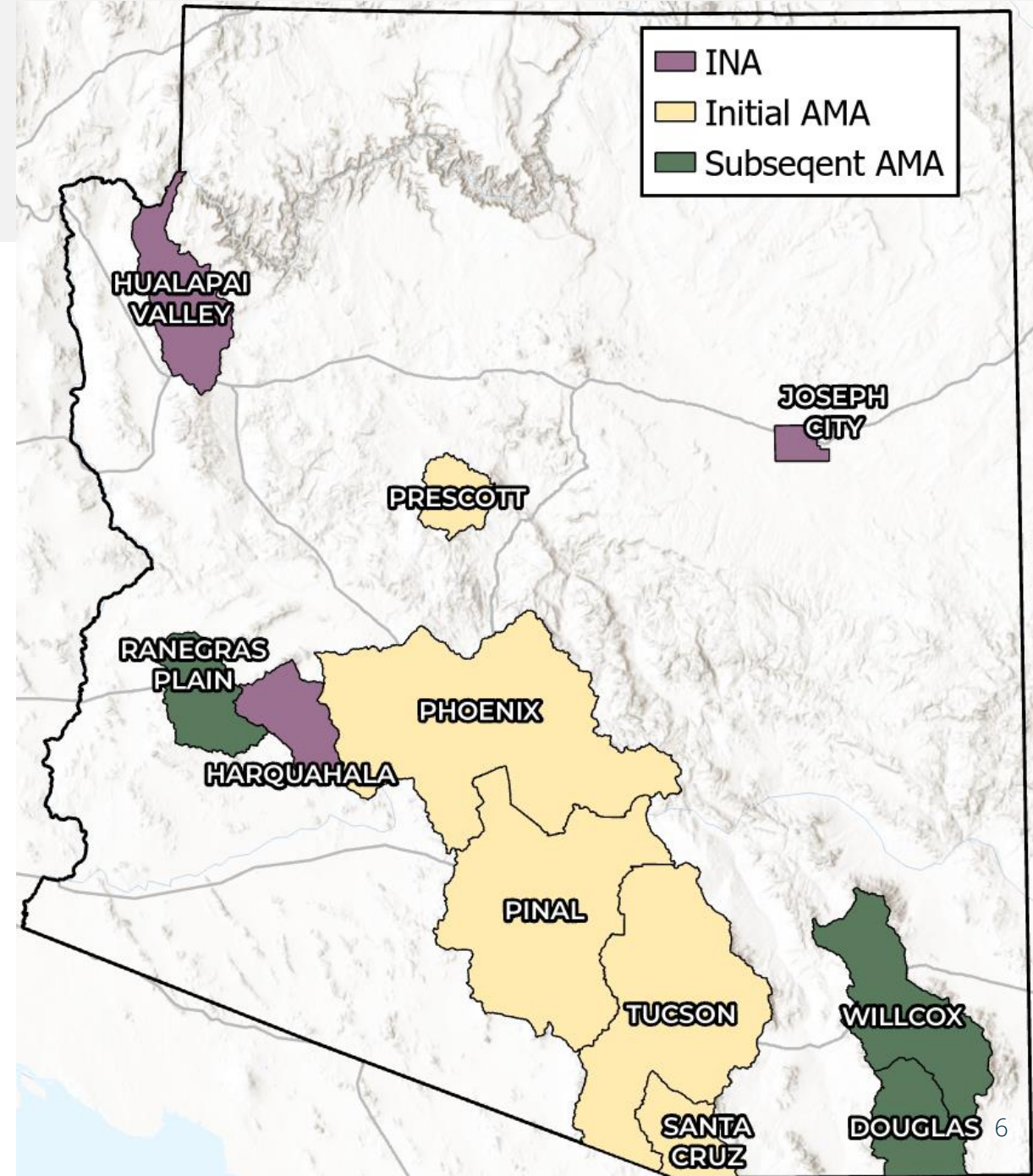
- Many industrial users within municipal service areas receive water through the providers service area rights.
- Some municipal providers may require large industrial users to secure and assign alternative water supplies as a condition of service; others treat such assignments as a factor in — but not a requirement for — service approval.
- Municipal providers can deny service:
 - Infrastructure restraints
 - Impact to existing users
 - Potential to impact ability to maintain a Designation of Assured Water Supply



Industrial Use Suppliers within Arizona AMAs:

SELF-SUPPLY

- Industrial users that are self-supplying require water rights, water supply contracts (i.e., effluent), or a general industrial use permit.
- Industrial users outside a service area or are denied municipal service may (subject to other restrictions) self-supply.
- Many large industrial users maintain a diversified water supply portfolio to ensure long-term supply reliability.



Asset Classes Relevant for Industrial Use

Asset Type	Definition	Industrial Use Relevance
Groundwater – Type 2	<ul style="list-style-type: none"> • Based on historical industrial use, not tied to the land • Can no longer be created • Can be easily moved around within the same AMA 	<ul style="list-style-type: none"> • Created for industrial use • Commonly transacted
Groundwater – Type 1	<ul style="list-style-type: none"> • Based on AMA defined limit, tied to historical irrigated land • Can still be created through retirement of irrigation rights • Water specific transaction values are hard to isolate as they are sold with land 	<ul style="list-style-type: none"> • Created for industrial use • Traded with land
Long-Term Storage Credit	<ul style="list-style-type: none"> • Credits earned from storing Colorado River, effluent, and in limited conditions surface water underground for future recovery and one time use 	<ul style="list-style-type: none"> • Eligible for industrial use • Commonly transacted
Effluent	<ul style="list-style-type: none"> • Non-potable water that has been collected in a sanitary sewer for subsequent treatment in a regulated facility 	<ul style="list-style-type: none"> • Eligible for industrial use • Commonly transacted
Colorado River	<ul style="list-style-type: none"> • Delivered through Central Arizona Project infrastructure 	<ul style="list-style-type: none"> • Some industrial users have CAP contracts or leases • Trades for industrial use are uncommon

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Waterlitix™ : Arizona

Asset Classes

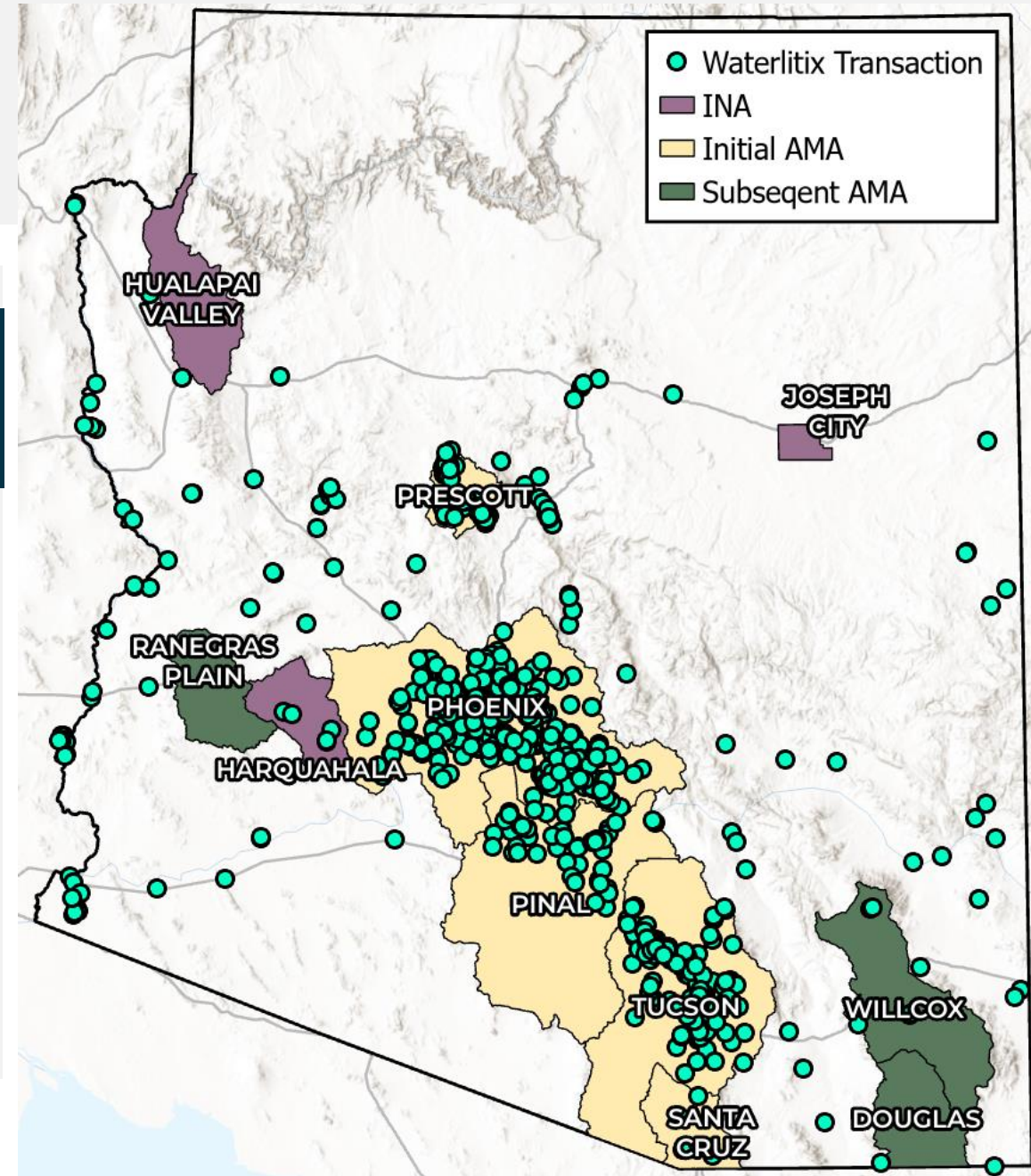
- Colorado River
- **Groundwater**
- Surface Water
- **Long-Term Storage Credits**
- **Effluent**
- Extinguishment Credits

Current: Areas of Focus

- Initial AMAs
 - Prescott
 - Phoenix
 - Pinal
 - Tucson
 - Santa Cruz
- Colorado River

Future: Areas of Focus

- Subsequent AMAs:
- Douglas
 - Willcox
 - Ranegras Plain
- Ag to Urban Groundwater Savings Credits



Values and Trends: Type 2s

Definition

Groundwater right that is not tied to the land

Can be moved throughout the AMA for industrial use

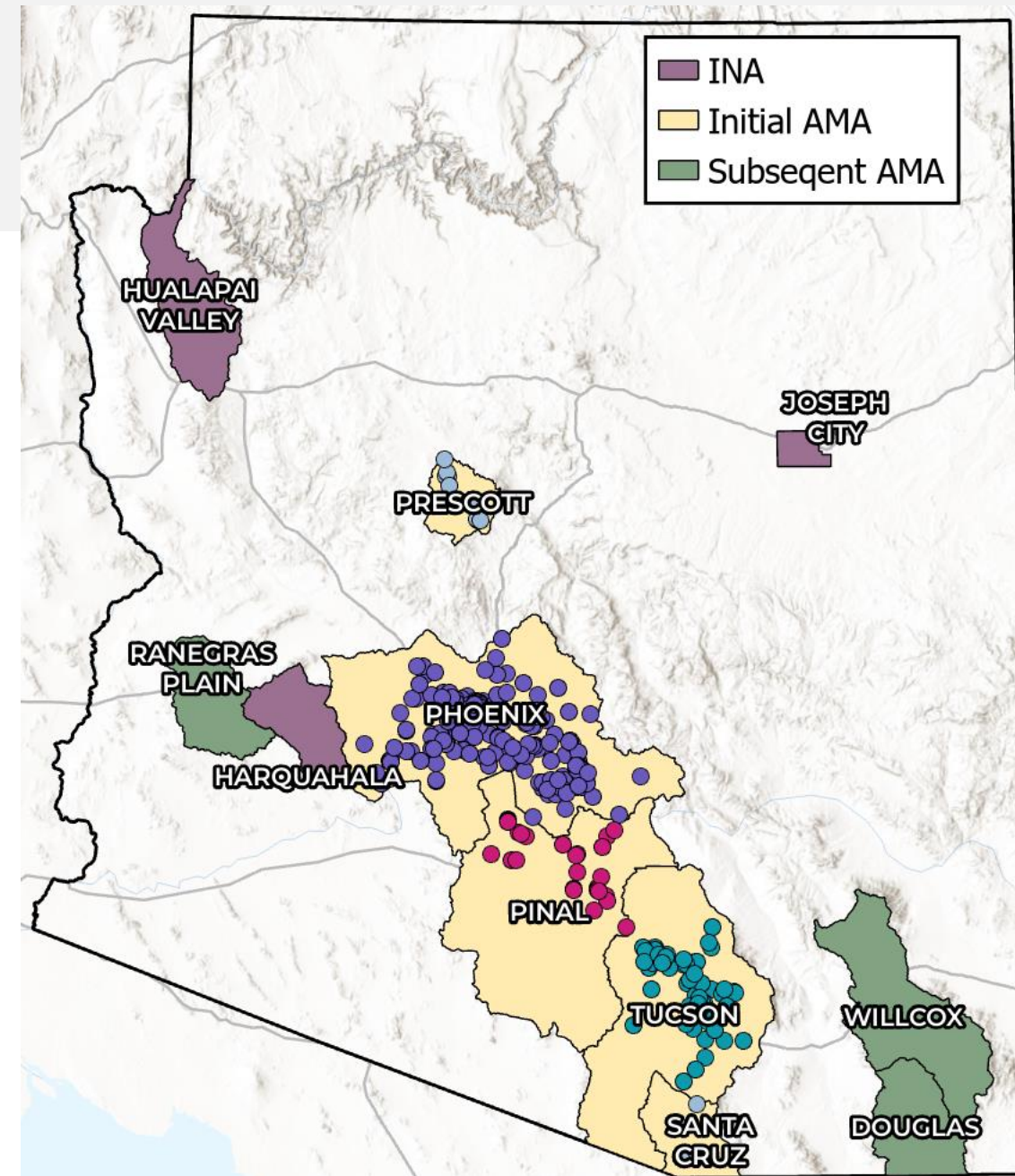
Market Participants

- Commercial and industrial water users
- Private individuals
- Developers
- Investors

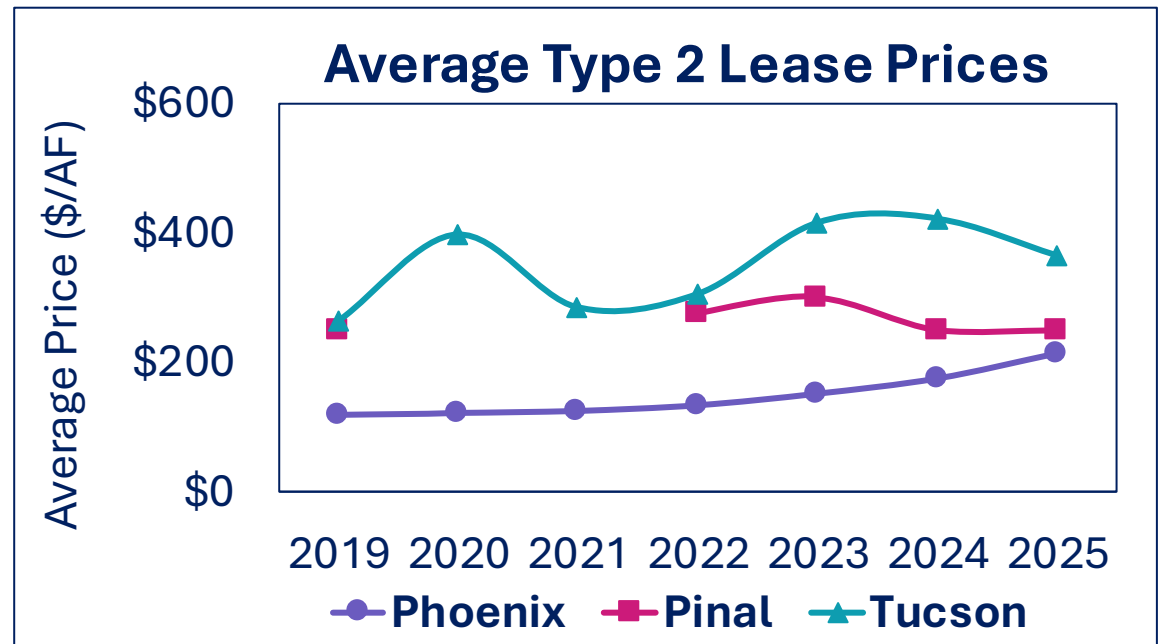
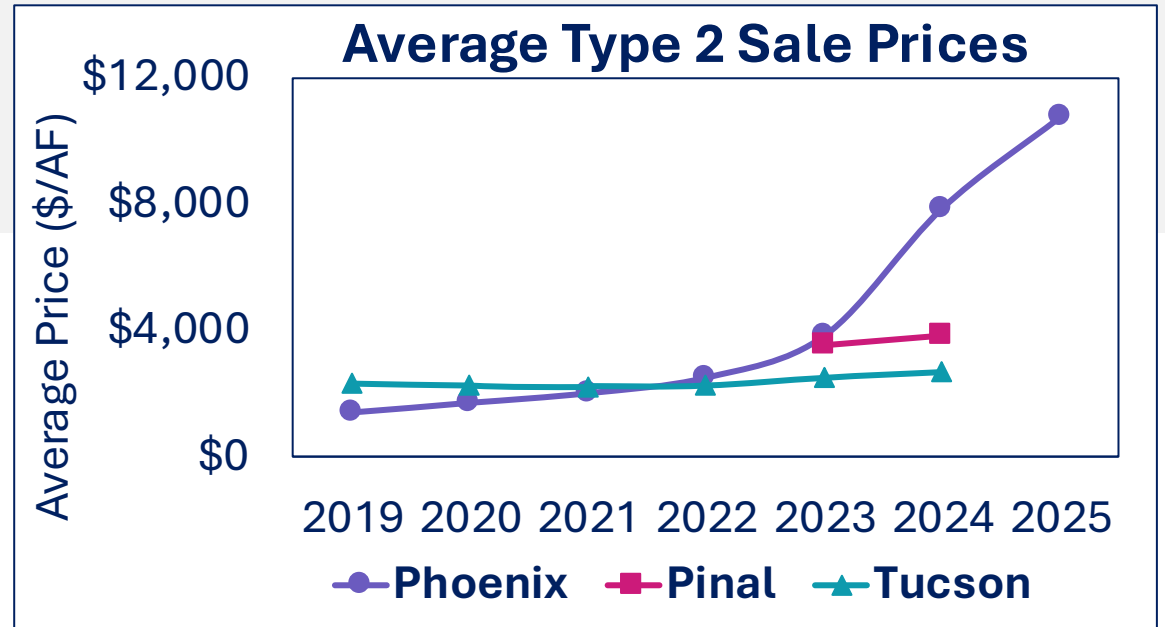
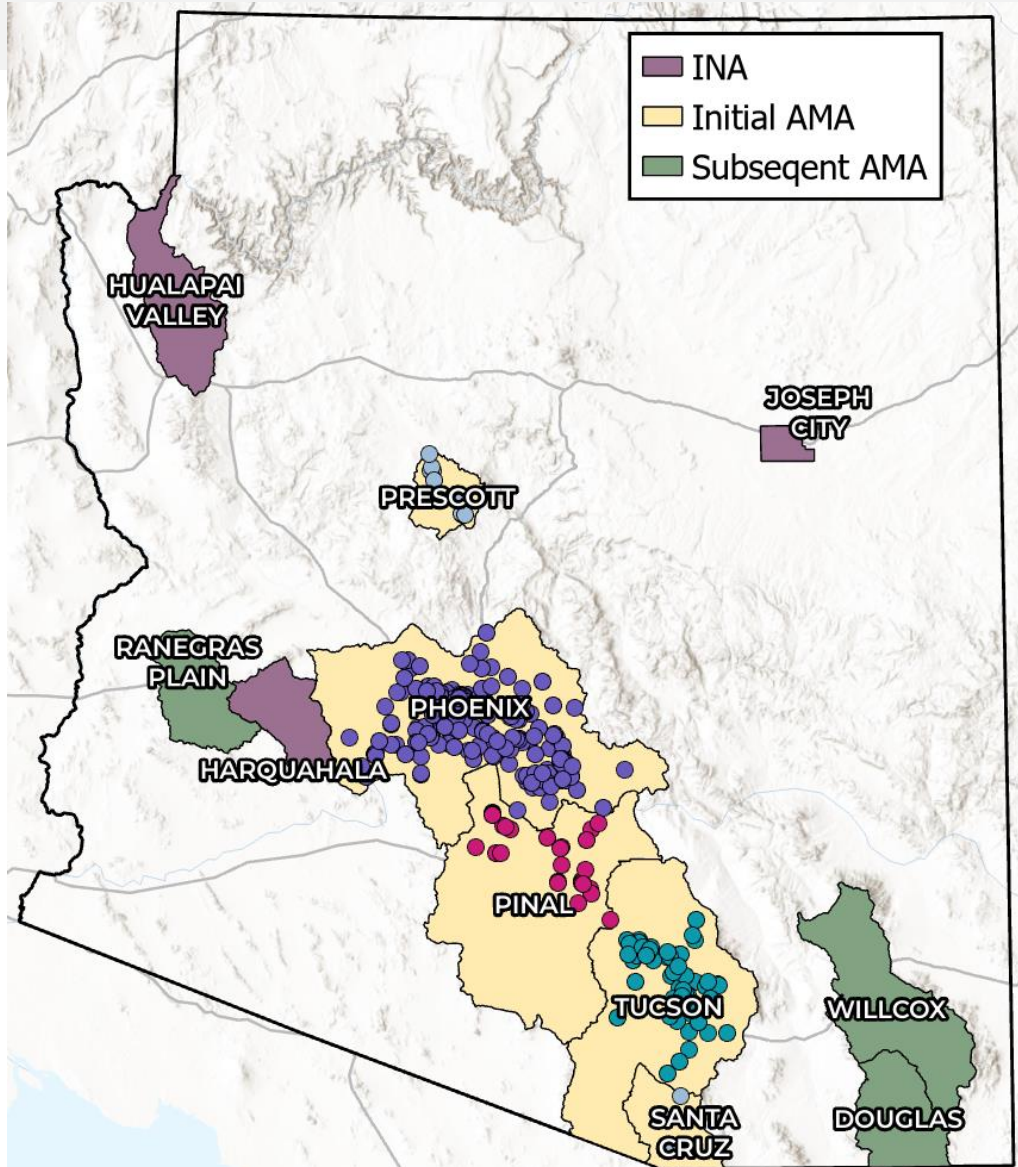
Activity

Includes both leases and sales

Permanent trading activity is low compared to other assets; Leases are more common



Values and Trends: Type 2s



Values and Trends: Long-Term Storage Credits

Definition

Credits earned from storing Colorado River, effluent, and in limited conditions surface water underground for future recovery and one time use.

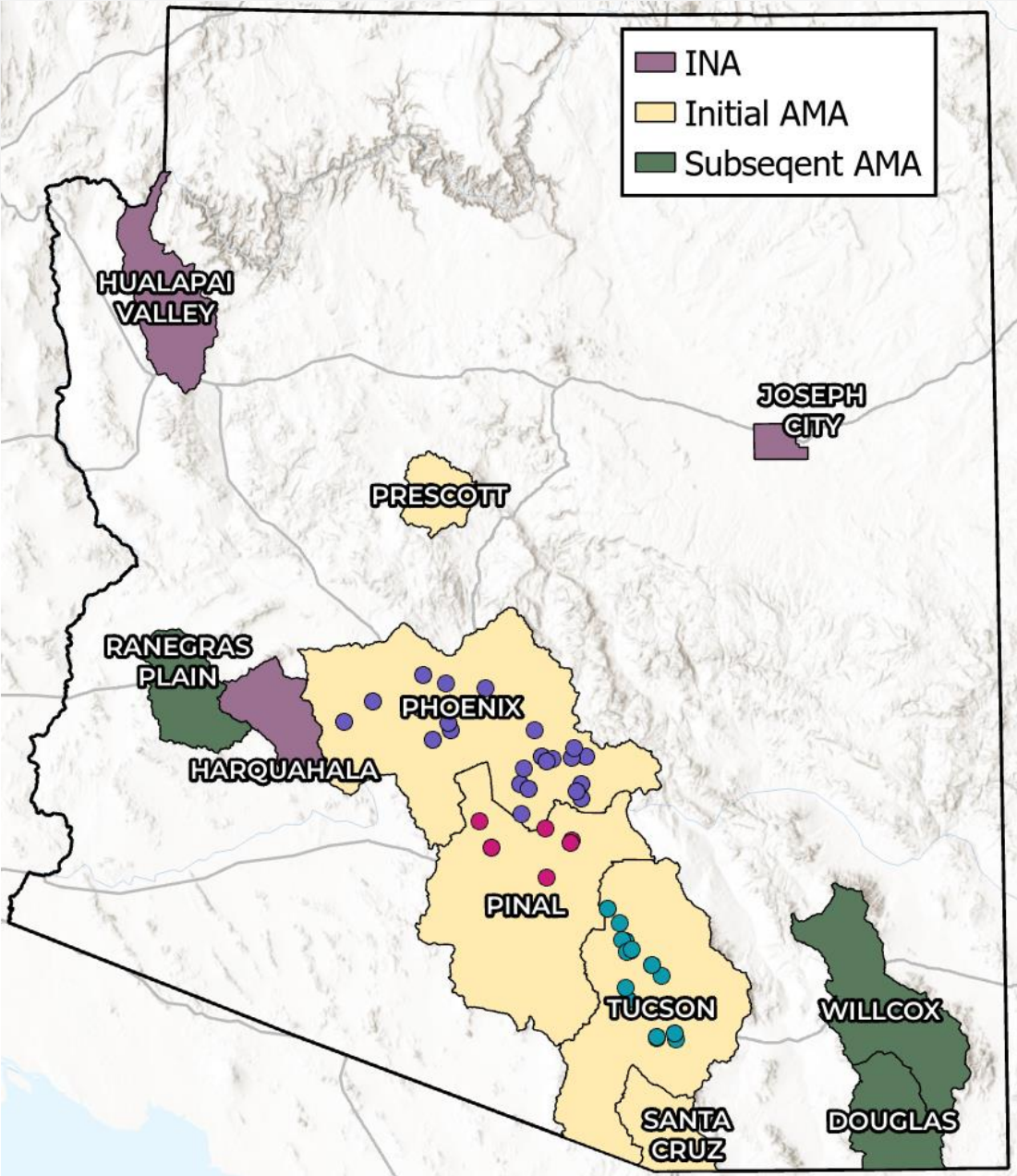
Market Participants

- Tribes
- Government Entities
- Municipal Providers
- Industrial Users

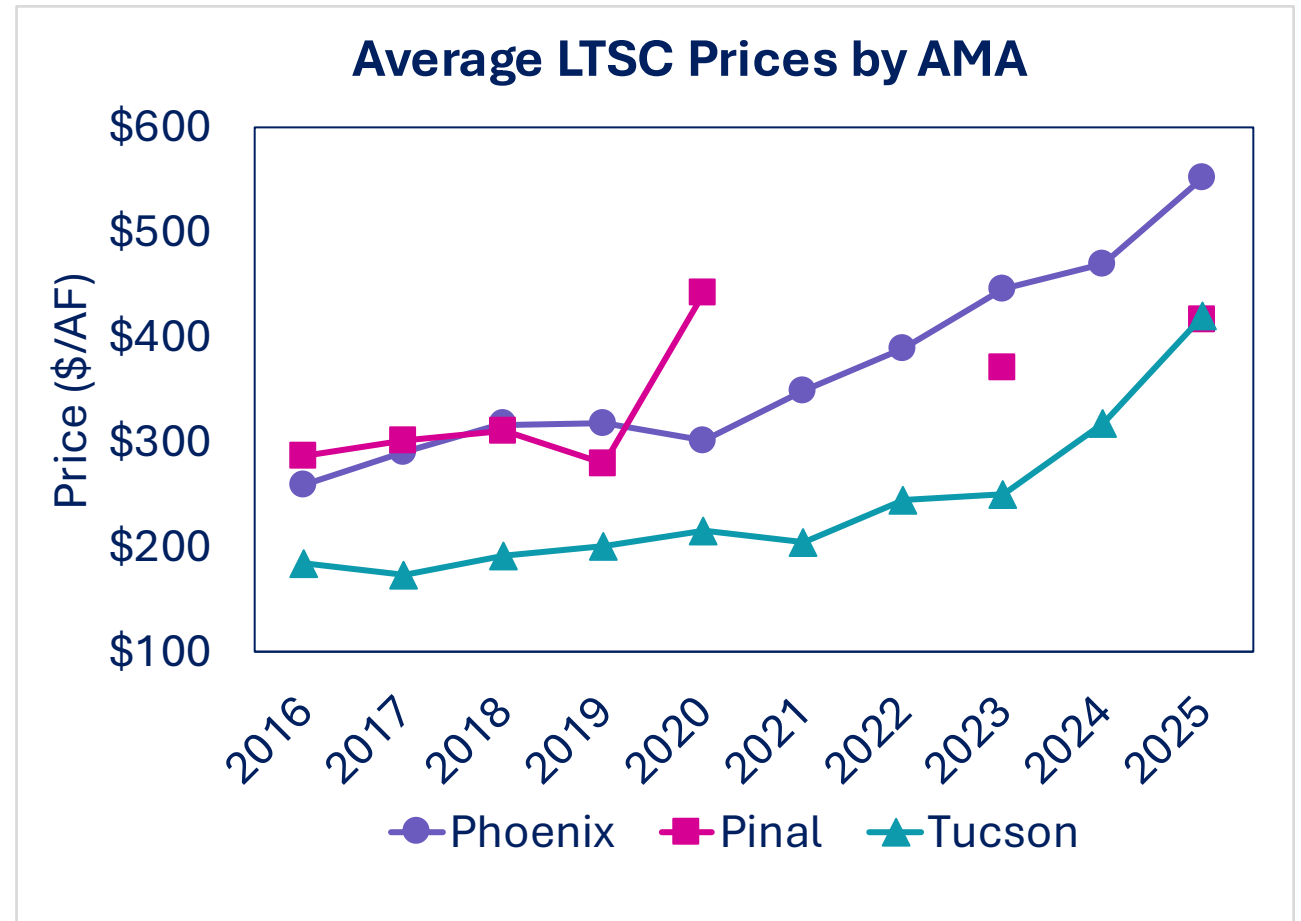
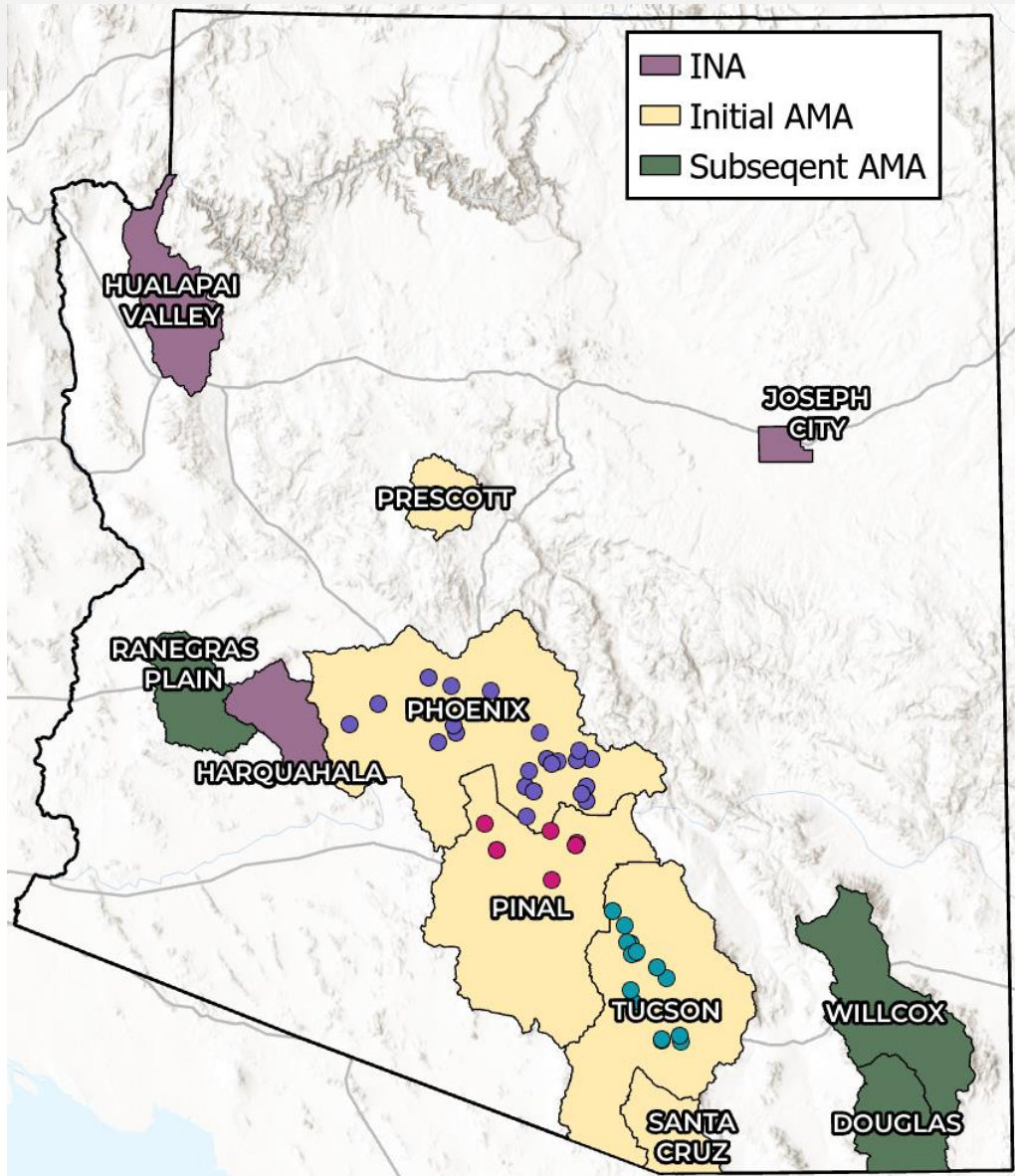
Activity

Can be used by multiple market participants including for the Assured Water Supply Program

Municipal demand is rising amid growing Colorado River uncertainty



Values and Trends: Long-Term Storage Credits



Values and Trends: Effluent

Definition

Non-potable water that has been collected in a sanitary sewer for subsequent treatment in a regulated facility

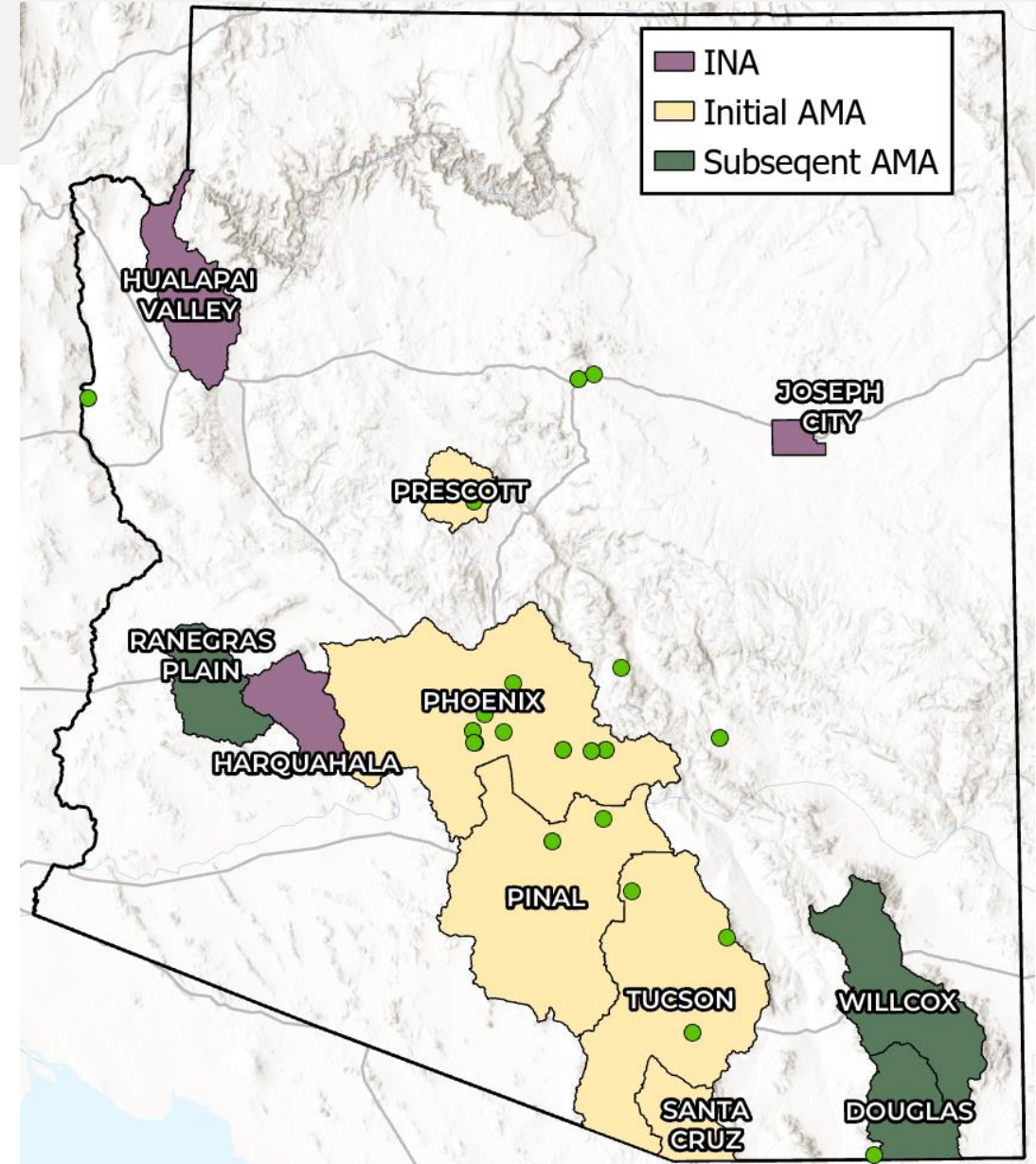
Market Participants

- Sellers: Owners and operators of wastewater treatment plants and municipal water providers
- Buyers: Industrial water users and CAGR

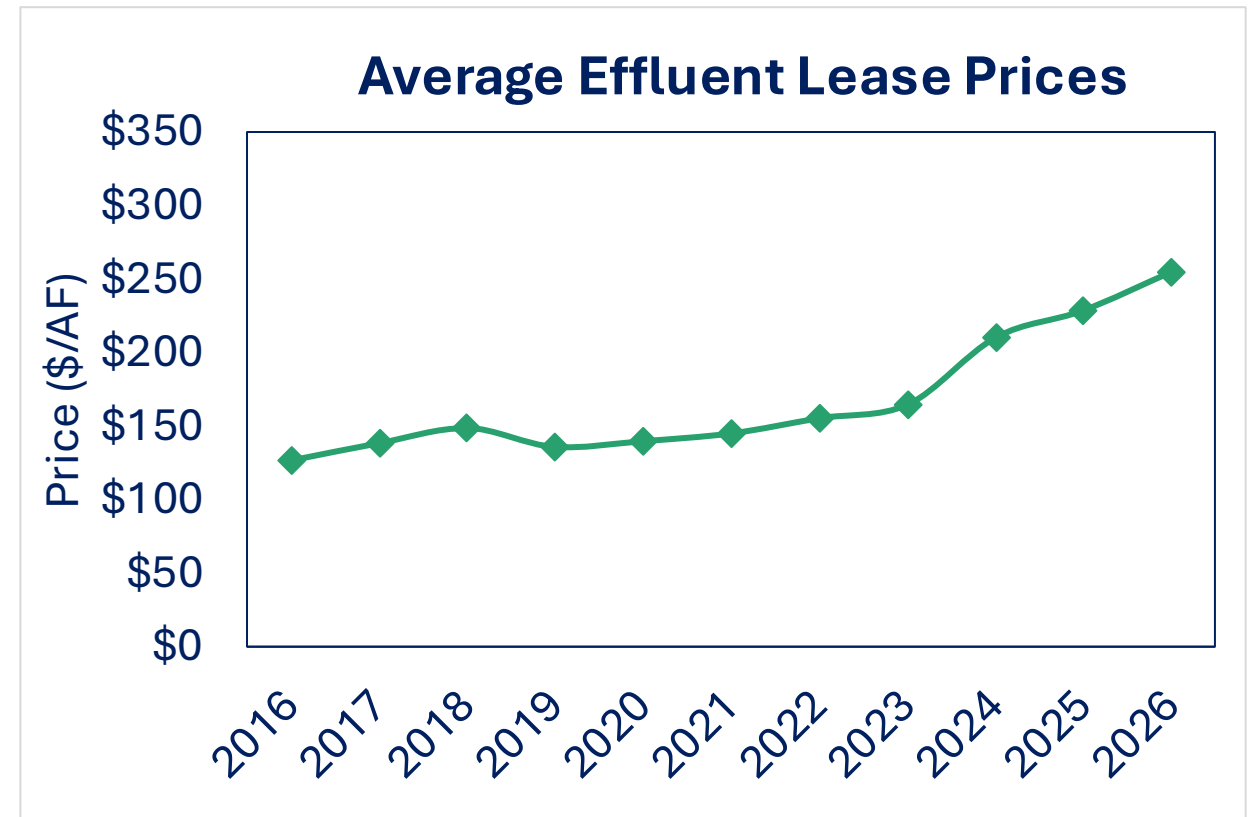
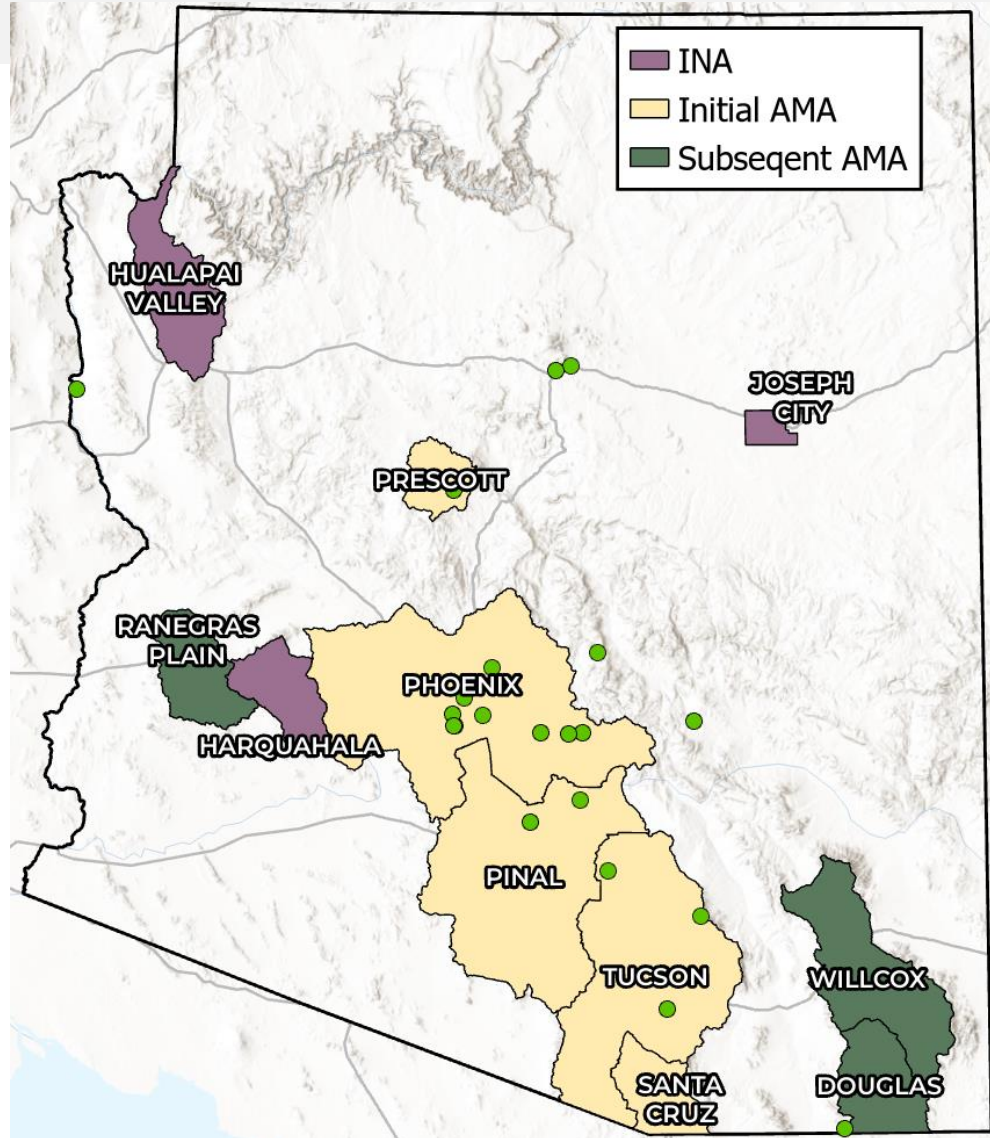
Activity

Most effluent transactions are long term leases

High conveyance costs limit sales to buyers near wastewater treatment plants



Values and Trends: Effluent



Potential Market Influences

Multiple Market Participants

Industrial users are only one player in the market for most water assets.

Colorado River Shortage

Uncertainty over Colorado River conditions could lead to a shift toward alternative supplies — such as recovering long-term storage credits — while also reducing the number of willing sellers in the market.

Municipal Provider Requirements

Providers could impose more stringent requirements on large industrial users seeking service, including acquiring water assets as a condition of service.

Replenishment Obligation Gap

There is currently no requirement to replenish self-supplied groundwater. Changes to this requirement could impact prices of renewable water supplies.

Thank You

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