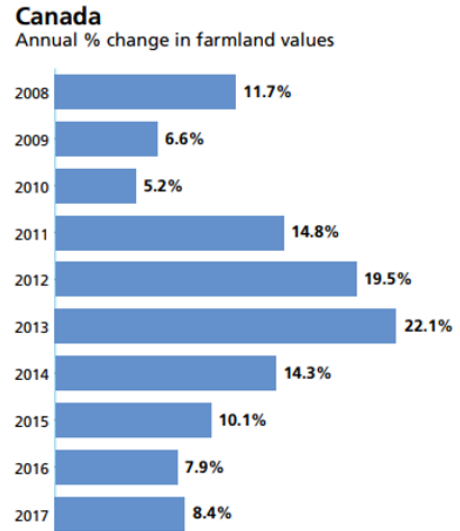


Canadian Farmland Market Overview (Federally)

Since 1985 Farm Credit Canada (FCC) has monitored the sale of farm properties across Canada using a benchmark system. FCC analyses arms-length sales and adjusts them to the benchmark properties.

This system represents the most prevalent soil classes of agriculture soil in each part of the country. As land prices vary across provinces and even regions within provinces FCC measures provincial land value trends on a percentage basis.

The reference value published is derived from the average value of the FCC benchmark properties and the average sales price in each region. The most up to date FCC report (2017 Farm Values Report) which covers the period from Jan. 1 to Dec. 31, 2017) was published April 23, 2018. The report indicated that the average value of Canadian farmland increased 8.4% in 2017 as per Farm Credit Canada, compared to increases of +7.19% (2016), +10.1% (2015), +14.3% (2014), +22.1 (2013).



Source: 2017 FCC Farmland Values Report

Overall average national values have continued to rise since 1993.

Canadian Farmland Market Overview (Provincially)

% Change in farmland values		
Provinces	2017	2016
B.C.	2.7%	8.2%
Alta.	7.3%	9.5%
Sask.	10.2%	7.5%
Man.	5.0%	8.1%
Ont.	9.4%	4.4%
Que.	8.2%	7.7%
N.B.	5.8%	1.9%
N.S.	9.5%	9.1%
P.E.I.	5.6%	13.4%
N.L.	N/A*	N/A*
Canada	8.4%	7.9%

*There was an insufficient number of publicly reported transactions to accurately assess farmland values in Newfoundland and Labrador.

Source: 2017 FCC Farmland Values Report

Overall all provinces experienced slight year over year increases in value in 2017 (with the exception of Newfoundland and Labrador). Saskatchewan (+10.2%), Nova Scotia (+9.5%) and Ontario (+9.4%), outpaced the national rate of +8.4%. In 2017, Saskatchewan experienced the highest percentage change at +10.2% whereas British Columbia had the lowest percentage change at +2.7%.

Nova Scotia (Annapolis Valley) had the highest increase at 28.9% with a benchmark value / acre of \$5,419. In contract, New Brunswick (Northern) had the highest decrease at -15.6% with a benchmark value / acre of \$5,081.

Interest Rates: Most provinces recorded a faster pace of increase in the first six months of 2017 prior to interest rate increases. Recent increases in borrowing costs and expectations of further increases are expected to impact farmland prices.

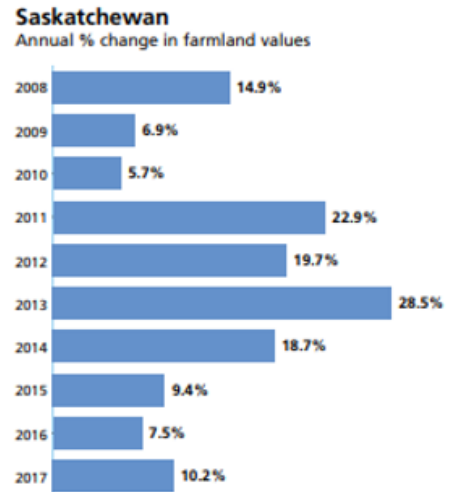
***The FCC 2017 Farmland Values Report is provided to help understand the variability in the value of farmland across Canada. This report is not considered a comprehensive appraisal of an individual property and the values contained are not necessarily reflective of all properties within a given market area.

Saskatchewan Farmland Market Overview (Provincial)

Farmland values in Saskatchewan on average have continued to rise since 2002.

In 2017 the average value of Saskatchewan Farmland increased by 10.2%, as per Farm Credit Canada, compared to increases of +7.5% (2016), +9.4% (2015), +18.7% (2014), +28.5% (2013), +19.7% (2012).

For the province of Saskatchewan 2017 had generally good weather conditions in the spring helping producers get most acres sown on time, with the exception of some delays in Northern Saskatchewan due to excessive moisture. Growing seasons were generally favourable with the exception of some hot and dry conditions in southern and central Saskatchewan. Harvest weather generally was not significantly impacted by rain delays



Source: 2017 FCC Farmland Values Report

Saskatchewan Farmland Market Overview (Regional)



Region	% change	Value \$/acre*	Value range**
1 North Western	14.9%	\$1,891	\$600 – \$2,900
2 North Eastern	1.5%	\$1,728	\$700 – \$2,300
3 West Central	16.6%	\$1,925	\$800 – \$2,700
4 East Central	2.2%	\$1,321	\$800 – \$2,200
5 South Western	14.2%	\$1,755	\$700 – \$2,600
6 South Eastern	11.2%	\$1,710	\$800 – \$3,200

*FCC reference value \$/acre.
 **The value range represents 90% of the sales in each area and excludes the top and bottom 5%.

Source: 2017 FCC Farmland Values Report

FCC has grouped Saskatchewan into 6 distinct regions excluding remote northern Saskatchewan:

1) Northwest and 3) West Central: High year over year price increases (+14.9% for NW and +16.6% for WC) due to limited supply and a highly competitive market. The west central area has the highest reference value per acre at \$1,925 (the reference value published by FCC is derived from the average value of FCC benchmark properties and the average sales price in each region).

5) Southwest and 6) Southeast: Strong year over year increases (+14.2% for SW and +11.2% for SE) due to competitive markets with producers wanting to expand their operations.

2) Northeast and 4) East central: Minimal year over year increases (+1.5% for NE and +2.2% for EC) resulting from uncertainty surrounding a delayed harvest and excess moisture issues in recent years.

Conclusions: Continued strong demand for Saskatchewan farmland. Saskatchewan reference value per acre ranges from \$1,321 to \$1,921 which is still below Alberta (\$2,030 to \$5,461) and Manitoba (\$2,271 to \$4,770). Rising interest rates, variable commodity prices, international trade deals, and potential rail issues are expected to influence demand for land.

Click here for a link to the [FCC 2017 Farmland Values Report](#)

Click here to find out more about [Saskatchewan Farmland Appraisals](#)

***The FCC 2017 Farmland Values Report is provided to help understand the variability in the value of farmland across Canada. This report is not considered a comprehensive appraisal of an individual property and the values contained are not necessarily reflective of all properties within a given market area.

What makes agricultural property different? By David A. Fortier, AACI, P.App, Bcomm (Dist.)

Agricultural property is a unique form of real estate and differs from residential and ICI (Industrial Commercial Investment) property in the following ways:



1. How it sells

Agricultural Property in Saskatchewan typically sells,

- Privately
- Tender
- Auction
- Through Realtors®

**Agricultural land tends to sell more privately, through auction, or through tender than other forms of real estate; Thus identifying and verifying arms-length sales proves to be more challenging. Note: transfers identified as "arms-length" in transfer lists are not necessarily so – each transaction should be verified.*

2. Highest and Best Use

When considering market value, the appraiser is to consider the Highest and Best Use of the property, which can vary significantly. Highest and best use could be,

- arable land
- grazing/hayland
- mixed arable/pasture land
- waste land
- To be used as a residential acreage site
- To be used as a recreational building site
- To be developed/subdivided into a more intensive use

**Highest and Best Use may not necessarily be the current use. Current zoning, development patterns, cost/availability of land in nearby residential areas as well as the physical characteristics such as soil capability, topography, access, services, gravel deposits, oil and gas leases must be carefully considered.*

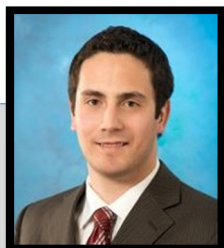
3. Who is buying and why

Agricultural Property in Saskatchewan is typically purchased by;

- Producers - Small to Large Scale – wanting to increase size of operation and may be willing to pay premium for adjacent land or previously rented land
- Investors - Dividend Yield Investors; acquiring stable income stream. Long term investors (Speculators); counting on long term appreciation. Developers; acquiring for more intensive land use
- Residents/Outdoor Enthusiasts - Acquiring land based on proximity to urban/recreational features with less consideration to the agricultural productivity of the land

**Given a variety of different types of purchasers, the underlying motivation can significantly impact purchase price. Current use and alternate uses, both now and in the future should be considered.*

Ultimately, the agricultural property market is imperfect and sales can have considerable variability. Sale Price per title acre, Sale price per cultivated acre, Sale to Assessment ratio, and Price per parcel can vary significantly from one sale to another - as such one or two sales do not make a market. It is imperative to understand each transaction in terms of, who bought it, why they paid what they did, and how that compares with other transactions.



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