

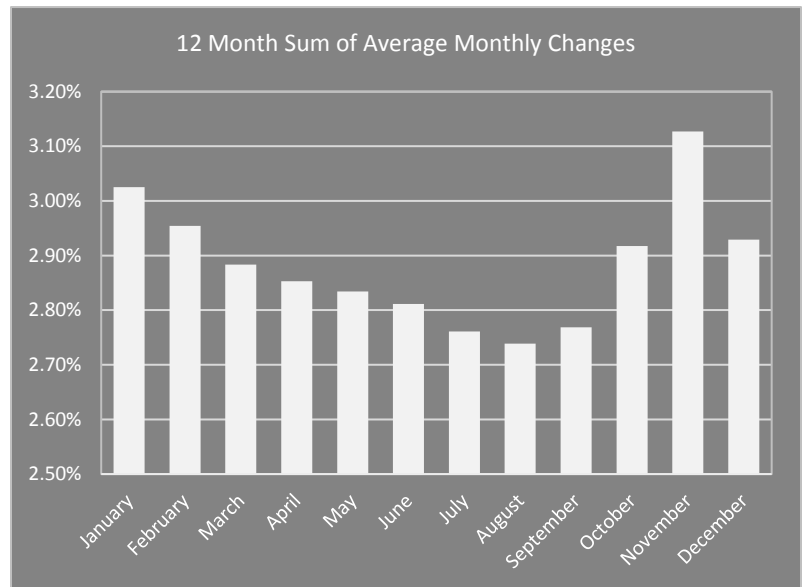
Alberta Resale Analysis

Once again, as part of our newsletter preparation we have researched resales of rural properties across the province of Alberta. This year, we have attempted to identify properties that sold in 2016 which have previously been purchased in 2013, 2014 or 2015. The difference in the sale price is used to estimate an average monthly change in value.

We identified 38 resales across the province to be used in our analysis. These sales consistently indicate an average monthly change in value through 2016 between approximately 0.20% to 0.25% per month. The graph shows that the sum of the preceding 12 months throughout each month of 2016 is between 2.7% to 3.1%.

Our analysis from 2015 indicated an estimated average annual provincial increase in value for 2015 of approximately 4%. Therefore, our data from 2016 indicates that rural land values have maintained a relatively consistent rate of increase as the previous year. However, the data also indicates that there is a different trend amongst the sales.

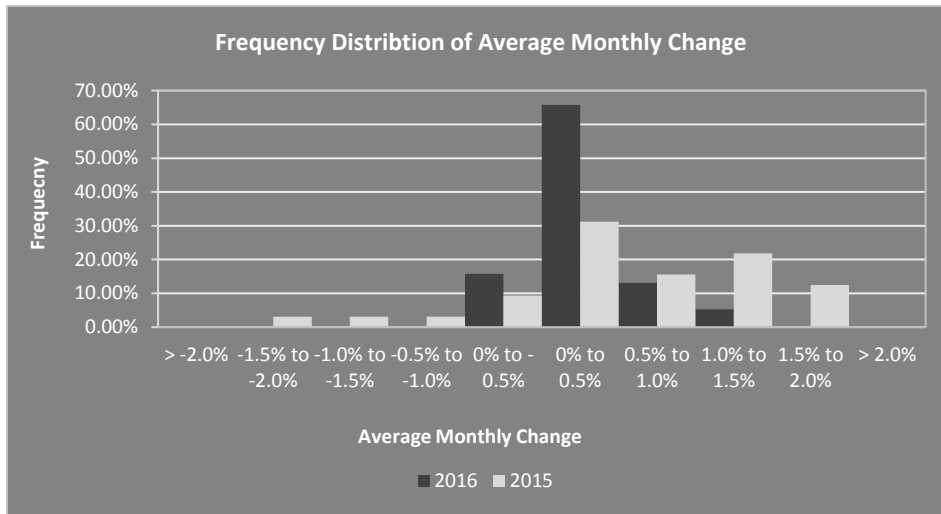
In 2015, the sales indicated a very distinct difference in agricultural land, specifically between cultivated land and rural land located in closer proximity to urban centres. Stronger increases were seen for land in agricultural areas with lower increases (and even decreases) in areas closer in proximity to urban areas. However, in 2016, the changes in land values were much more consistent across all areas.



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The following graph shows the frequency distribution of the average monthly change in land values.

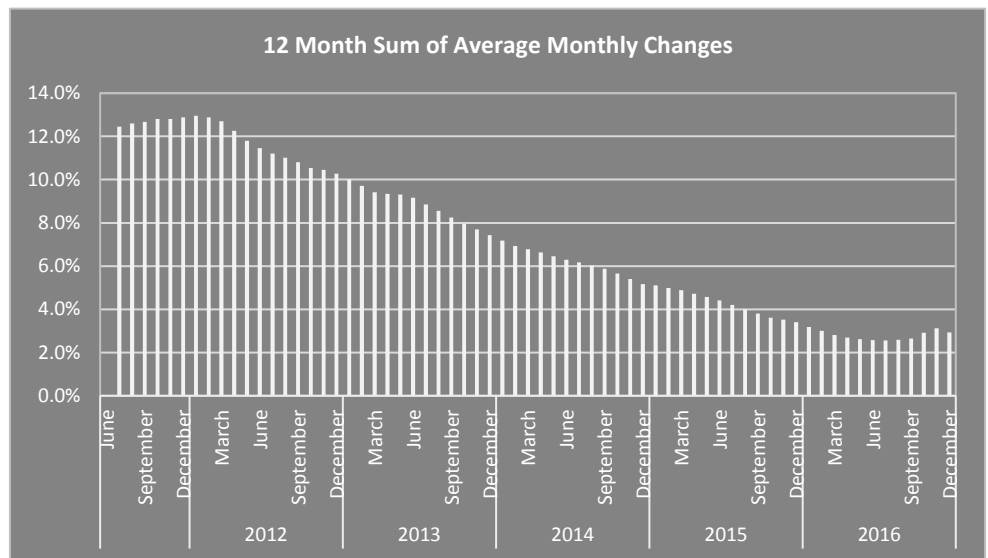


In 2016 approximately 65% of the sales used in the analysis showed an average monthly change of 0% to 0.5% per month. In 2015, approximately 30% of sales were within this range. In 2015, the average monthly change showed much wider variation. Although there were individual sales that showed some decrease in the sale price through the 2016 analysis period, this proportion is considered to be relatively minor.

This is the third year that we have completed the resale analysis. When the data collected from each of these years is combined together, the graph below shows the average of the preceding 12 months since 2012.

Through early 2016, based on this analysis, the rate of increase for farmland values continued to slow from previous years, but stabilized later in the year. Although the graph indicates that there may have been a slightly higher annualized increase by late 2016, the quantity of data available through this period is less than preceding periods. Therefore, there is potential for greater variability arising during this period.

Overall, the analysis shows an approximately 3.0% increase in farmland values through 2016. This continues the trend of slowing increases in farmland values that has been occurring over the past several years.

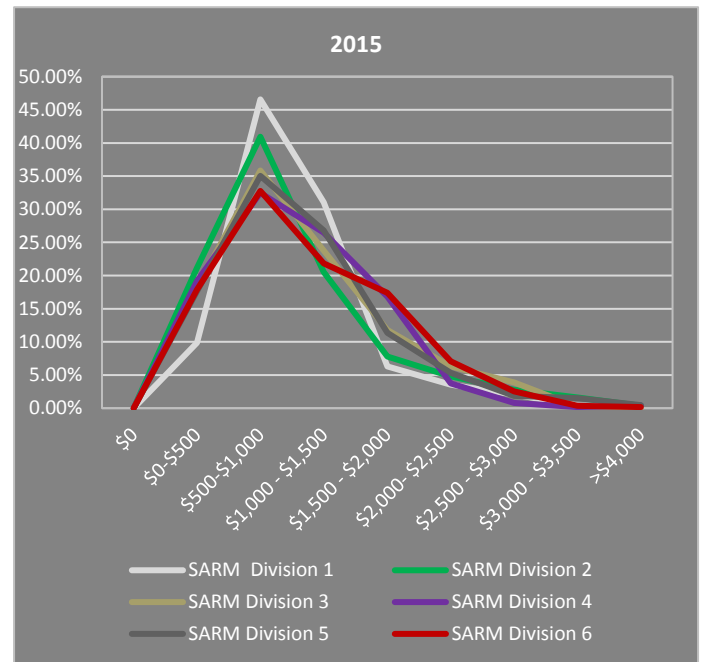
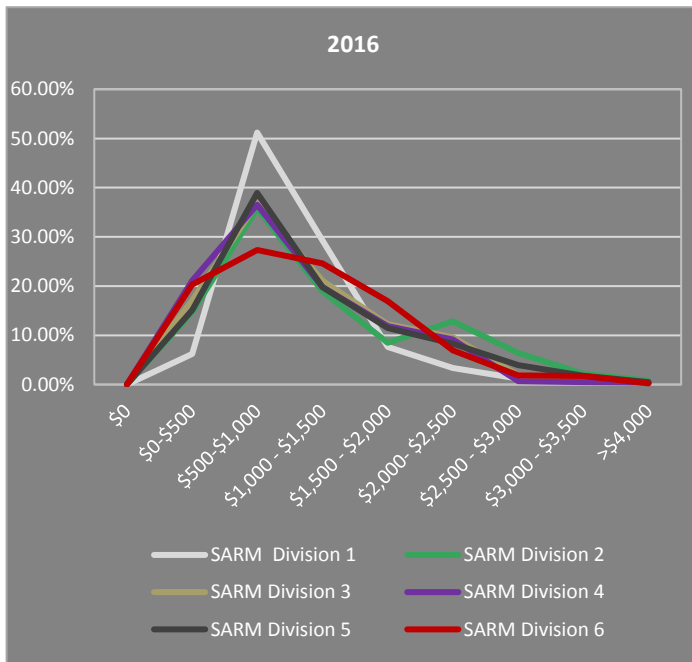
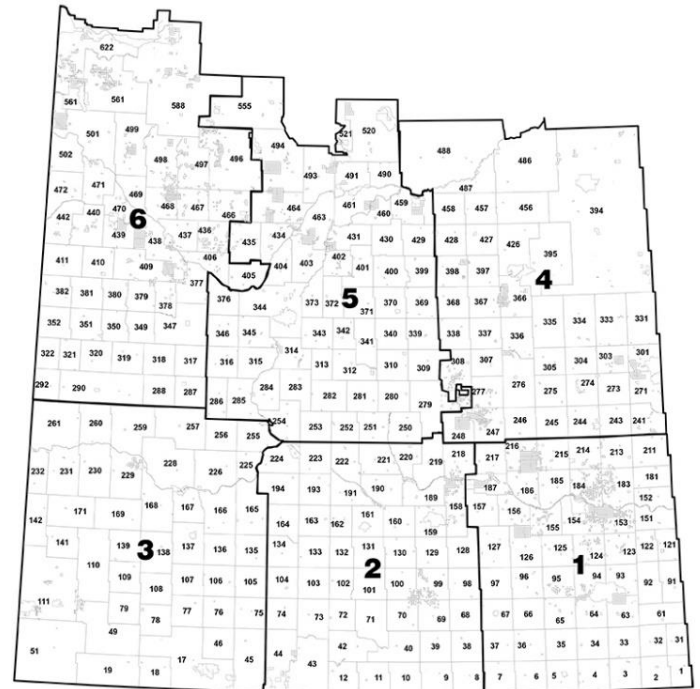


Saskatchewan Farmland Price Analysis

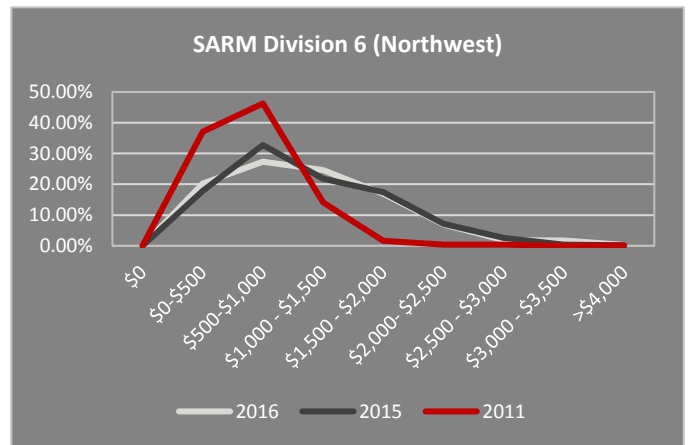
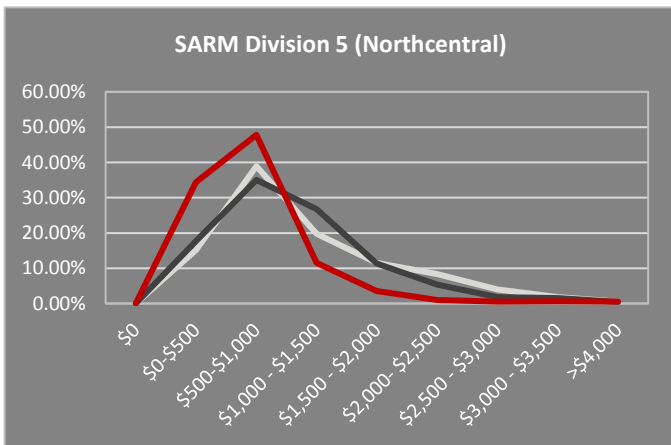
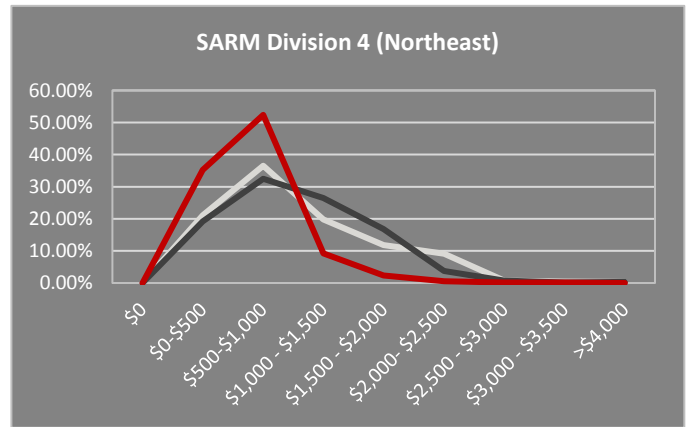
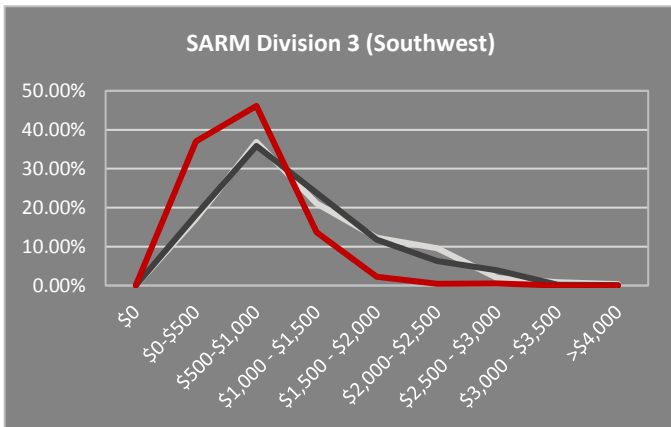
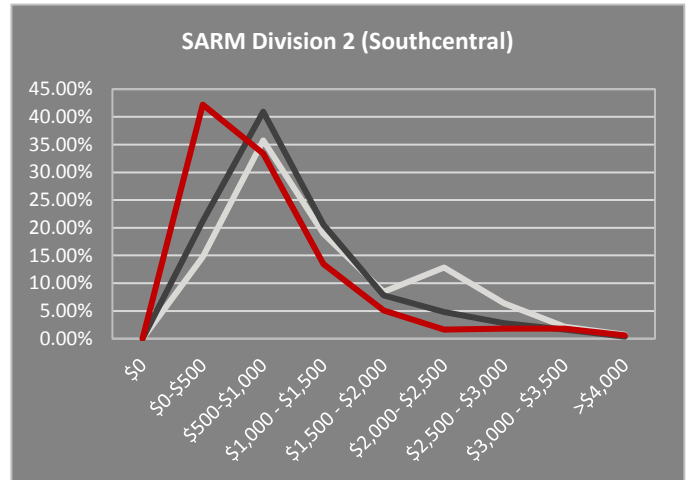
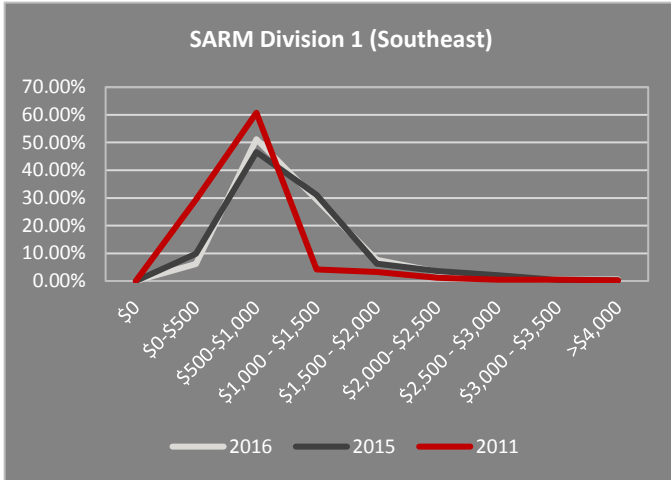
For our analysis of Saskatchewan farmland values, we have grouped our data based on the six divisions used by the Saskatchewan Association of Rural Municipalities. These regions are outlined in the adjacent map.

The following graphs show the frequency distribution of sales in each of these divisions in 2016 and 2015, based on sales reported by the Farmland Security Board.

All six of the divisions showed a relatively similar distribution of sales, with the greatest proportion of sales occurring in the \$500 - \$1,000 per acre range. This is similar to the distribution of sales in 2015, indicated in the graph below.



Although the two graphs above appear to be relatively similar, the following series of graphs show each region individually with a comparison between 2016 with 2015 and 2011.



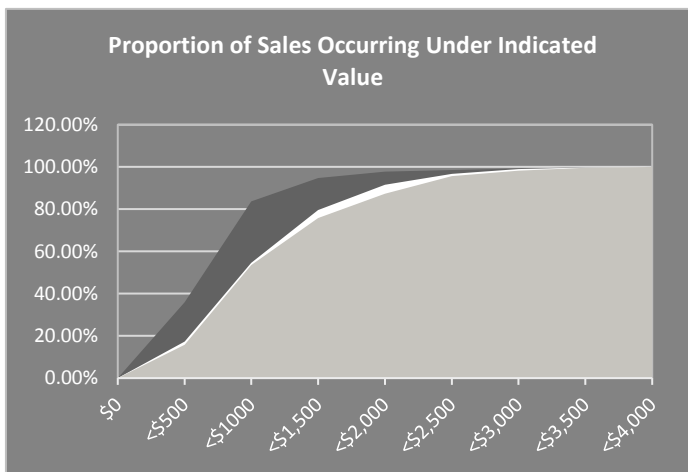
In all regions, the 2015 and 2016 sale distribution lines are relatively similar. This is expected to indicate a limited change in values from 2015 to 2016 and the following table indicates that the average sale price has remained relatively consistent with some increase showing in Region 5.

SARM Division	1	2	3	4	5	6
2016 Average	\$1,063	\$1,347	\$1,114	\$1,091	\$1,453	\$1,156
2015 Average	\$1,074	\$1,302	\$1,080	\$1,087	\$1,231	\$1,170

Although the data indicates limited change from 2015 to 2016, the data also indicates a relatively large increase between 2011 to 2016.

For all regions except SARM #2, the most sales still occurred within the \$500 - \$1,000 per acre range. SARM #2 shows much higher proportion of sales occurred in the \$1,000 - \$3,000 per acre range.

The following graph shows that in 2011 more than 80% of sales were less than \$1,000 per acre. However, in 2015 and 2016 the proportion of sales less than \$1,000 per acre had dropped to approximately 50%. Comparatively, in 2011 approximately 95% of sales were less than \$1,500 per acre. However, by 2015 less than 80% of sales were below \$1,500 per acre.



Due to the changes described above, each SARM region showed an increase in the mean average farmland value of +52% to +65% between 2011 to 2016. However, it is noted that in Region #2, many of the highest sale prices from 2011 were for land bought by a potash corporation. Due to the magnitude of land that was purchased, it is expected that these sales had an influence on the average sale price. Therefore, the actual increase in farmland values for this region may have been higher than indicated in the table below.

SARM Division	1	2	3	4	5	6
2016 Average	\$1,063	\$1,347	\$1,114	\$1,091	\$1,453	\$1,063
2011 Average	\$701	\$879	\$690	\$661	\$880	\$701
% Change	+52%	+53%	+61%	+65%	+65%	+52%

Summary

Although average farmland values and changes in farmland values are expected to vary between individual locations, the data above indicates that the average increase in farmland values for all regions has been relatively consistent over the 5 years prior to 2015.

Despite substantial increases in farmland values across the province over the previous 5 years, little increase appears to have occurred from 2015 to 2016.

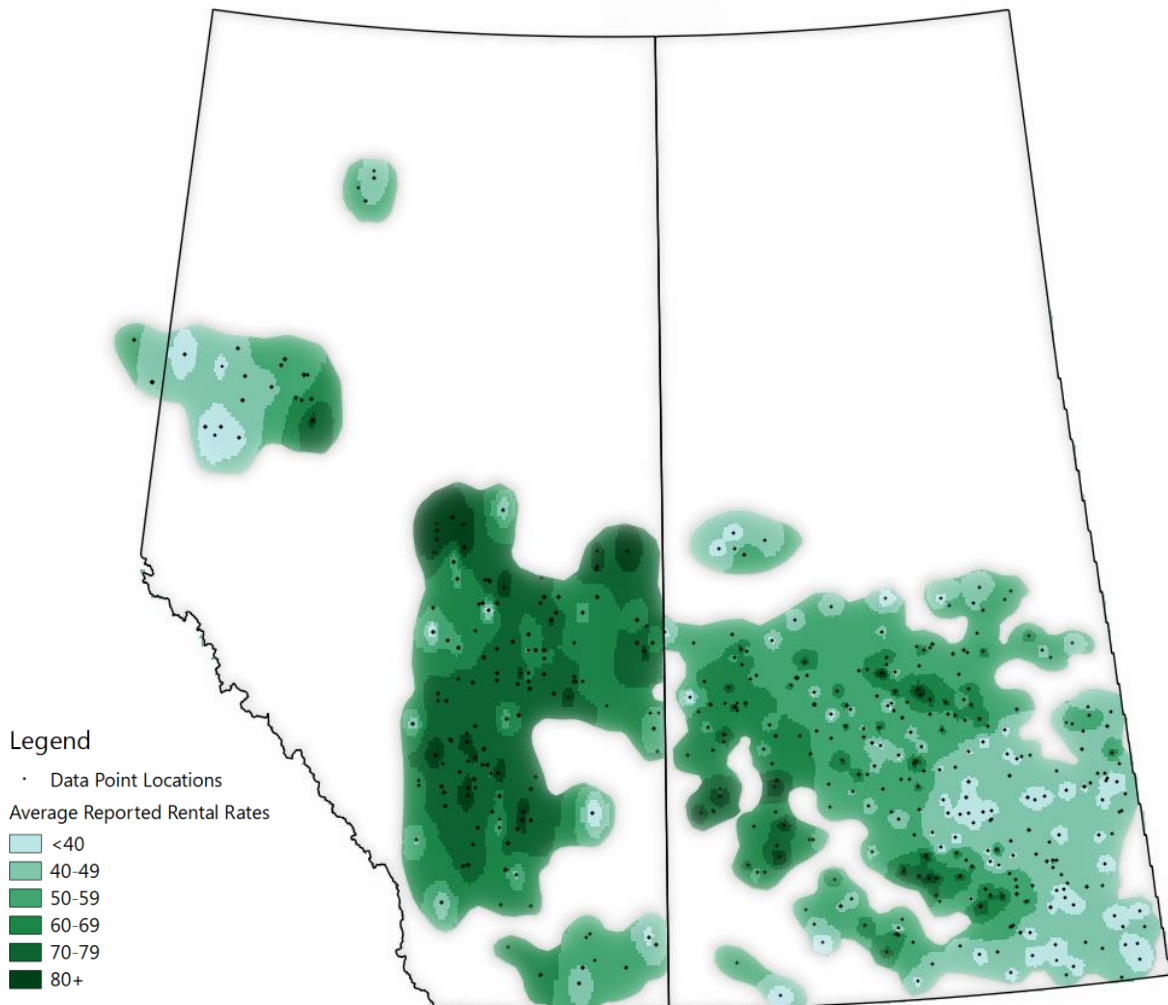
Serecon Scholarships

Serecon would like to congratulate Megan Russnak as this year's winner of the Serecon Leadership Scholarship, entering her first year on the B.Sc. in Agriculture, or the B.Sc. in Animal Health program. Shay Forget is the winner of the Ralph Ashmead Agricultural Economics International Award, in the Faculty of Agricultural, Life & Environmental Sciences at the University of Alberta.

Crop Rent Analysis

Cash rent of farmland is comprising a greater proportion of acres used for cropland across the prairies. Therefore, we have analyzed crop land rental data for that region that we have compiled. The data has been collected across Alberta and Saskatchewan as well as a portion of the Peace Region in BC.

Farmland rental rates can be affected by a number of different factors including soil quality, market competition, and rental terms. Therefore, within an individual area there can be variability in the rental rates. As a result, the following map shows multiple pockets with variation. However, the data we have obtained generally shows a progressive increase in rental rates from east to west. Additionally, rental rates in Alberta are typically higher than in Saskatchewan.



Our Team

Our specialists in agricultural real estate have an underline below their names. Serecon also provides expertise in:

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