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FARMLAND OWNERSHIP IN SASKATCHEWAN

PRESENTATION TO:

Saskatchewan Ministry of Agriculture

Farmland Ownership Consultations

Regina, SK

June 23, 2015

Thank you very much for the opportunity to provide input on this very important issue. My name is Bill Madder and I am the CEO of the Association of Saskatchewan REALTORS®. With me today are President Ian Johnston, COO Chris Guérette, and Director of Learning Jacqueline Dykstra. The Association of Saskatchewan REALTORS® (ASR) represents over 1700 REALTORS® in Saskatchewan – some are directly involved in farm sales and all are very committed to economic prosperity in the province. That is why we are here today and why we made a presentation when Farmland Ownership regulations were last reviewed in 2002.

Our submission in 2002 recommended the elimination of restrictions on farmland holdings by Canadians and an increase in the limit on allowable holdings by non-Canadians to 160 acres. I have provided copies of our 2002 submission with my presentation today as a number of the points raised are still pertinent today. The changes that were made in 2002 were very positive in that Saskatchewan's farmland values were allowed to respond more naturally to market conditions and our legislation became more comparable to other provinces. The changes also sent an important message that Saskatchewan was receptive to outside investors. It is critical that this message and the perception that investors are welcome does not change.

Following the lessening of restrictions in 2002, a combination of factors including increased interest from investors, more productive crop years, stronger prices and low interest rates led to greater interest in Saskatchewan farmland and subsequently, increases in farmland prices. These increases have been significant in the last three years and have raised some concerns. It is important to note, however, that Saskatchewan farmland is still among the lowest priced in the country while being among the most productive. To quote from a recent report by J.P. Gervais, Chief Agricultural Economist at FCC: *"Consider farmland in Saskatchewan. There has been a rapid appreciation of farmland values over the last few years. In fact, FCC reported average increases of 20%, 29%, and 19% from 2012 to 2014, respectively. Putting these price increases next to the strength of crop receipts, we find that they are not inconsistent with what has been observed over the last 45 years. The 2014 price-to-receipts ratio is 5.8 while the average of the ratio between 1971 and 2014 has been 5.4. In other words, despite the strong price increases observed recently, history suggests that Saskatchewan farmland is not over-valued, given the recent strength in crop receipts."* A recent report by RE/MAX Canada also showed Saskatchewan farmland to be very comparable with Manitoba's and significantly lower than land in all other provinces. It is our opinion that the best way to find out what property is worth is to make sure it is allowed to respond naturally to the marketplace without further government interference. This is best for young farmers, retiring farmers and investors alike. There will be fluctuations based on market and economic forces so all parties will not benefit equally or at all times but over the long term value will be recognized.

With that in mind, I would like to now move on to the questions posted on the website for this consultation. I have spoken with a number of our members that are directly involved in farm sales in putting this presentation together and will do my best to consolidate their opinions into one unified position. While there will undoubtedly be variations on some of the topics, and I am sure some of our members will make their opinions known, I am confident that this represents the position of our industry as a group.

1) What is your vision for how agriculture/farming should evolve over the next 30 years in Saskatchewan?

- It seems very clear that the movement to larger farms and fewer farmers will continue. It is simple economics that to be competitive in the farming world today, you must farm more acres and get better production from the acres you farm.

- There will be more land leased than the current 36% - probably moving to the 40 – 45% range. Again, this is simple economics – with increasing input costs, the cost of machinery, etc. it will be more affordable for young and existing farmers to expand their operations via leasing. This will necessitate an increase in the number of investors which makes it very important that investors are welcome and feel welcomed.

2) Do you feel we need changes on this issue? Why?

a) With respect to foreign ownership, our proposal in 2002 was to increase the limit to 160 acres. We feel this would be reasonable in that it would be more in line with how land is subdivided and would still retain the principle of a limit. However, it is not a major concern at this time and we don't feel it is critical to make a change from the current legislation.

b) It is our opinion that pension plans and investment trusts and entities that are majority Canadian owned should be permitted to own Saskatchewan farmland. As mentioned earlier, the business model for farming is likely to move toward more leased land than is currently the case, which will require more investors. We feel CPPIB has been an excellent landlord and think the farmers that have been leasing from them would agree. They have made a commitment to improving the land they have purchased and consider their investment in Saskatchewan to be long term. They also have very strict guidelines and thresholds for investment returns that make it unlikely that they will have a significant impact on the price of land. These are exactly the type of investors we need and we would encourage government to remove the restrictions recently placed on CPPIB and look at allowing similar entities to purchase farmland in the future.

c) We would support a more liberalized set of rules because it would bring us more into line with other provinces and send a signal to investors that they are welcome here. It is very important to indicate to all investors that the Government of Saskatchewan has confidence in the marketplace and will not interfere. One of the strongest messages I received from our members in my discussions with them was the importance of clarifying this and sending the proper message. Many existing and potential investors have expressed concern about the recent restrictions imposed even though they did not apply to them directly. A common comment was "if they can do that to CPPIB will they do it to me next?" One member stated that an $11 million transaction was terminated by the purchaser simply because of this type of concern. This is not an isolated case – other members stated that they have received calls with similar concerns from significant investors who advised they will not be spending any more money in Saskatchewan until this issue is cleared up. This is not the message we need to be sending and it doesn't just affect investors. There has probably already been an impact on farmland values and there will continue to be downward pressure and uncertainty until confidence can be restored.

d) We do not support any additional restrictions.

3) We do not feel that farmland is vastly different from other real estate assets such as office buildings etc. but feel it is reasonable to have some restrictions on foreign ownership.

4) The private sale of land should be protected from unnecessary restrictions as much as possible. Government should rarely interfere with the natural movements of the marketplace and then only with very clear objectives for the protection and benefit of all.

5) For owners/sellers of farmland in Saskatchewan, the recent restrictions imposed on CPPIB have created some uncertainty in the marketplace as mentioned earlier. We would once again urge the government to reconsider these restrictions and look at allowing other pension plans, investment trusts and majority Canadian owned entities to purchase Saskatchewan farmland. The other regulations regarding financing and capital appreciation have not had any major effects that we are aware of.

   Potential purchasers of farmland have simply had concerns with the uncertainty of the rules. Even existing farmers have expressed concerns as to whether they should consider purchasing additional land. It is very important that a strong message is sent that government does not intend to interfere now or in the future so that confidence and stability are returned to the marketplace.

6) In our opinion, the existing powers of the Farmland Security Board are sufficient.

In closing, I would like to repeat the statement made in our 2002 submission that "the Association of Saskatchewan REALTORS® strongly supports the farmers of our province and understands the important role of agriculture in our society". Thank-you for the opportunity to make this presentation and I would be happy to answer any questions you may have.

Supporting documents:

Saskatchewan Real Estate Association (now Association of Saskatchewan REALTORS®) Submission to The Standing Committee on Agriculture re: Farm Ownership Legislation – May, 2002

RE/MAX Farm Report 2014

Farm Credit Corporation – 2014 Farmland Values Report
(published April 13, 2015)

Farm Credit Corporation – 1985 – 2014 Historic Farmland Values
(published April 13, 2015)

Farm Credit Corporation - blog post by J.P. Gervais, Chief Agricultural Economist
(Published April 13, 2015)

SUBMISSION TO

THE STANDING COMMITTEE ON AGRICULTURE

RE: FARM OWNERSHIP LEGISLATION

MAY 2002

On behalf of the Saskatchewan Real Estate Association, I would like to thank the Committee for the opportunity to make this submission to you today. My name is Dale Ripplinger and I am the Chair of the Association's Government Affairs Committee and with me today is Bill Madder, Executive Vice President of the Association.

The Saskatchewan Real Estate Association (SREA) is a voluntary, non-profit organization serving, representing, and providing direction and leadership to its members and to organized real estate. SREA is one of the largest single-industry trade organizations in Saskatchewan, representing the interests of over 1,100 licensed REALTORS.

Many of our members are involved in the sale of agricultural property and the issue we are here to discuss today is of great interest to them and more importantly, their clients. However, we feel that we speak for our entire membership in suggesting it is time for a change to Saskatchewan's farm ownership legislation. We also feel that while some may disagree, the economic interests of the agriculture industry and the overall economy of the province will be well served by the changes we are proposing.

The current *Saskatchewan Farm Security Act* has been in place in some form since 1974 and while the intentions of the legislation to encourage and support young farmers and to ensure the stability of our agricultural sector were then and continue to be honourable, we question whether restricting property ownership is an appropriate means to achieve those goals. In fact it is fair to question whether or not they have in fact been achieved. It is our position that the resulting negative impact on land values has offset any benefits that may have accrued and the legislation may in fact be hurting those it was intended to help.

The current legislation puts Saskatchewan at a competitive disadvantage when compared to both our neighboring provinces. As I'm sure you are aware, neither Alberta nor Manitoba place any restrictions on the amount of farmland that can be owned by Canadians and both provinces allow larger holdings by non-Canadians. It is our opinion that Saskatchewan cannot afford to continue placing itself at this type of disadvantage and recommend that the Act be amended to eliminate the restriction on ownership by Canadian citizens entirely and to raise the limit on allowable holdings by non-Canadians to 160 acres. Eliminating the restriction on Canadian ownership would create a level playing field across the Prairies for Canadian investment dollars and a 160 acre limitation on holdings by foreign owners would signal that this province wants to be at the head of the pack in attracting investors. At the same time we would still retain the principle of a limit, and thus not surrender the option of adjusting the limit at a later date.

Clearly, farm values in Saskatchewan have been affected. In the most recent national study by Farm Credit Canada, Saskatchewan was the only province to see a decline in farmland values. In fact Saskatchewan's values have dropped in each of the semi-annual reports since July of 1999. While drought conditions, dropping commodity prices and many other factors contributed to the decline, and while it can be argued that they affect Saskatchewan to a greater degree, these factors were not unique to our province. It is a commonly accepted principle that fewer potential buyers for any property results in fewer and ultimately lower priced offers. By restricting the number of potential buyers for farm property, the *Saskatchewan Farm Security Act* has had a negative impact on land values and it is our position that declining land values are not good for Saskatchewan's farmers and are not good for Saskatchewan.

While some would argue that keeping land values low can be a benefit, in our opinion this is a narrow view and difficult to substantiate. Declining land values have a number of detrimental effects, including:

- Farmers wishing to retire or downsize are facing reduced selling prices and in some cases may be unable or unwilling to sell. While some retiring farmers do in fact take their money to other provinces, the vast majority remain in Saskatchewan. In many rural communities retired farmers have a major impact on the local economies by buying homes, etc. and when they either have less to spend or they are not able to retire at all, those economies suffer.
- Existing farmers wishing to expand or diversify are faced with declining equity and have limited options to finance new opportunities as they arise. Young farmers must also realize that they will be retiring some day and land values that are kept artificially low will not benefit them now or in the future.
- Potential immigrants are less likely to locate here when faced with declining values. Immigrants moving to Canada to farm consider a number of factors when deciding where to locate but property values are very important. It should also be noted that potential appreciation is more important than price – most are prepared to pay a higher price initially if they can see that the price is likely to appreciate over time.

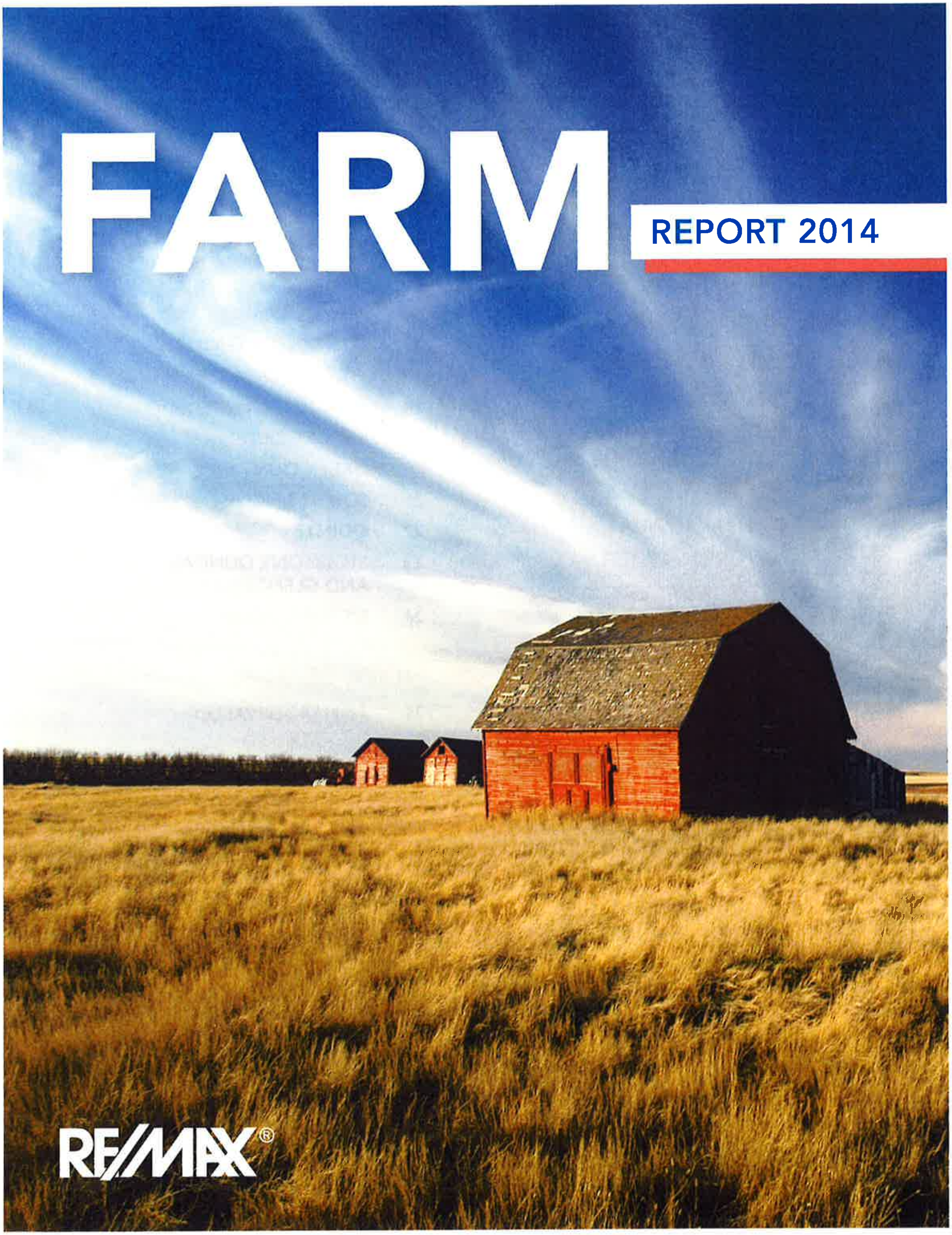
While no legislative changes can guarantee a turnaround in values, removing some of the current ownership restrictions will at least allow the market to react more naturally.

We do not share the view that reducing restrictions will open the floodgates to speculators and absentee landlords. Manitoba, which has no restrictions on Canadian ownership has seen no such trend and in fact an article on their Government website states that "the vast majority of farmland is still owned by family farms..". It is questionable that we should be suspicious of outside investment. In most industries, we devote considerable effort to soliciting investors rather than imposing low limits. The need for new dollars in agriculture is great. The loss of the Crow Rate in the last decade has led to much higher costs for shipping our raw grain products, and also led to the consolidation of elevator delivery points, which also added to trucking costs. As a result of this sea change in the structure of farm costs, Saskatchewan faces large-scale re-orienting of our production to add more value and create new jobs and economic activity in our province. We have to produce more per acre, which means we have to become more intensive, and that means we need to mobilize capital and seek additional inflow of capital. Reducing the current restrictions on farmland ownership will help create a more positive environment for all concerned and will help reverse the downward trend in farm values.

Other factors which must be considered when reviewing this legislation is the perception it fosters that Saskatchewan is not receptive to outside capital investment. It is quite likely that when some potential resident owners, (whether they be immigrants from other countries or possibly other Canadians looking to relocate), find out the restrictive nature of our farmland ownership legislation, they simply eliminate our province from their list of prospective locations. In addition to this, we must consider that all investors are potential residents. If Saskatchewan were to allow more outside investment and at the same time work hard to create a more favorable business and tax environment, it is quite possible that we could see non-resident investors become residents.

One of the common arguments against changing the legislation has been that there already exists a method to apply for an exemption and that very few applications are refused. I understand you have already had presentations from some individuals who feel they have been unfairly denied an exemption and there are undoubtedly others. We must also realize that there is no way of knowing how many potential owners simply choose to take their investment elsewhere.

In closing, I would like to stress that the Saskatchewan Real Estate Association strongly supports the farmers of this province and understands the important role of agriculture in our society. However, it is our position that the existing farmland ownership legislation is not in the best interests of current and future farmers and hope you will consider the changes we have proposed. Thank-you very much for the opportunity to make this presentation and I would be happy to answer any questions you may have.


FARM
REPORT 2014

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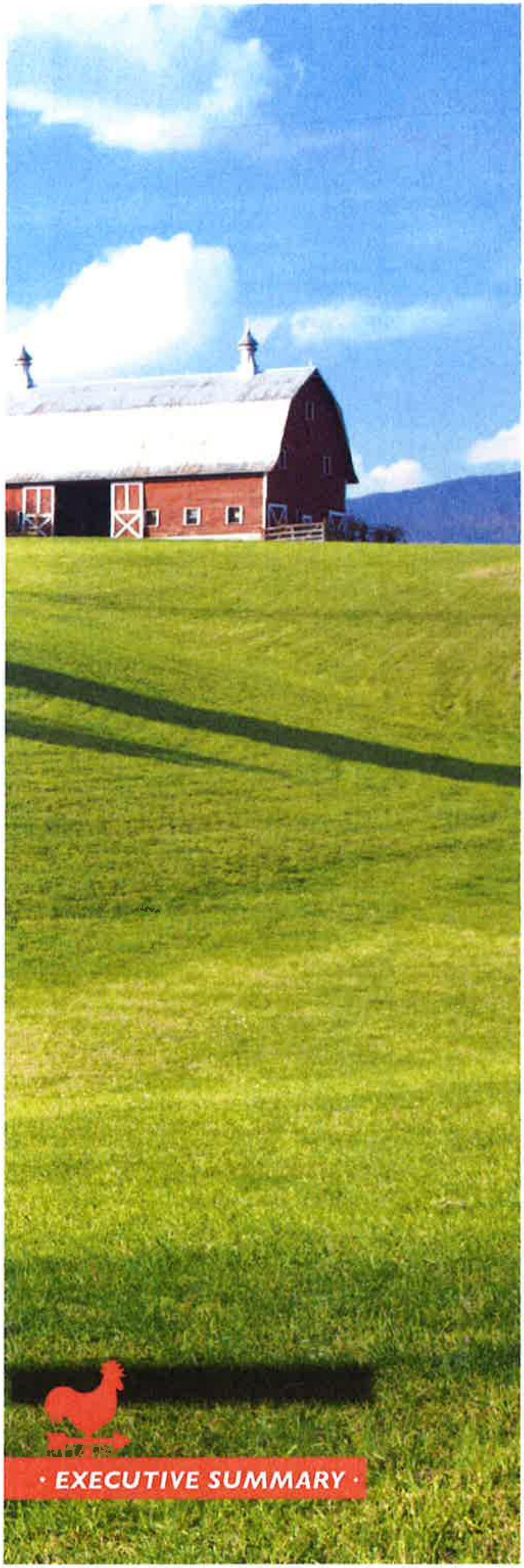


EXECUTIVE SUMMARY

The price of farmland in most Canadian markets has either held steady or increased this year, following a period of strong year-over-year growth.

Mirroring the trend in residential and recreational property values, lower crop prices, floods and challenging winter weather conditions have failed to significantly impact the Canadian agricultural real estate market.

There is significant variation in price and productive capacity of farmland across Canada. Macroeconomic factors impacted prices to a degree; however, practical considerations such as the proximity to a processing facility or prospective buyer's existing operations drove individual transactions.

The real estate market in western Canadian markets remained strong, with prices in parts of British Columbia both the highest and lowest in the country. Dairy farms in the Chilliwack-Fraser Valley area sold for up to $63,000 per acre, while bare land in Peace River North—which is closer to Yellowknife than it is to Vancouver—sold for between $750 and $1,550 per acre.

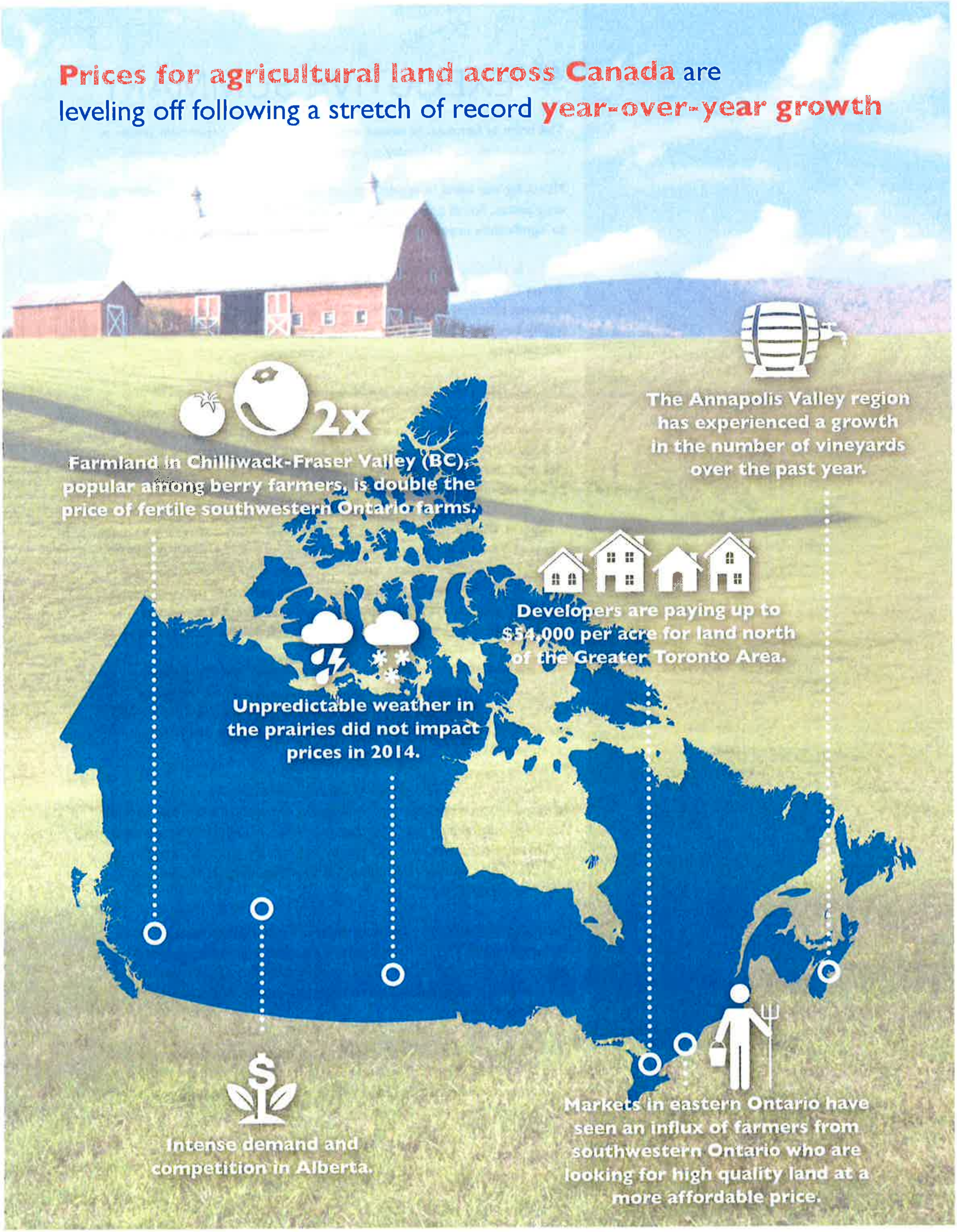
In Alberta, short supply left many family farmers ready and willing to make a deal at a moment's notice. Tile drained land sold for as much as $10,000 per acre in southern Alberta, which represents a 20 per cent increase over the previous year. The value of scrubland and other non-productive land in Canada's most prosperous province also climbed, buoyed by demand from well-off urbanites seeking the tranquility of the countryside.

Demand was softer moving through Saskatchewan and Manitoba. Although challenging growing conditions jeopardized profitability for farmers, sale prices actually rose modestly to between $950 and $2,200 per acre. Listings have stayed on the market for months and in some cases, years.

While prices across Ontario have started to level off, the value of farmland in some pockets rose significantly. North of the Greater Toronto Area, agricultural land slated for development reached $54,000 per acre. In Chatham-Kent, excellent soil quality boosted the price of farmland up to $25,000 per acre—representing a surge of as much as 40 per cent over the previous year.

While this represented a boon for sellers, it was a barrier to expansion for some buyers. The rising prices led to a small migration of farmers, particularly Mennonites, northeast to areas including Quinte and Renfrew County where comparable land sold for between $8,000 per acre and $12,000 per acre.

Nova Scotia's Annapolis Valley experienced modest growth over the first nine months of 2014. The relatively small market has seen an increase in the number of vineyards, which have played a role in boosting prices to $10,000 per acre in some areas.


Prices for agricultural land across Canada are leveling off following a stretch of record year-over-year growth
2x
Farmland in Chilliwack-Fraser Valley (BC), popular among berry farmers, is double the price of fertile southwestern Ontario farms.
The Annapolis Valley region has experienced a growth in the number of vineyards over the past year.
Developers are paying up to $54,000 per acre for land north of the Greater Toronto Area.
Unpredictable weather in the prairies did not impact prices in 2014.
Intense demand and competition in Alberta.
Markets in eastern Ontario have seen an influx of farmers from southwestern Ontario who are looking for high quality land at a more affordable price.

BRITISH COLUMBIA

CHILLIWACK-FRASER VALLEY

1. *Exceptional yields have coincided with a minor fluctuation in values, but on average values are holding steady*
2. *Prices per acre are by far the most expensive in Canada—more than double those in southern Ontario*
3. *Dairy, poultry and berry farms all popular in this region*

Demand for farmland in British Columbia's Fraser Valley continues to be very strong as inventory remains low. This year's crops—particularly blueberries—were exceptional. This has ignited interest in Fraser Valley farmland over the past few months. In the past year there has been minor fluctuation in farmland values, but on the whole these values are holding steady. Currently, there are 21 properties listed for sale, nine of which are blueberry farms and five of which are greenhouse farms. The remaining lands are a mix of dairy, bare land and poultry farms. These properties average 100 acres in size. Blueberry farmland continues to be highly sought after.

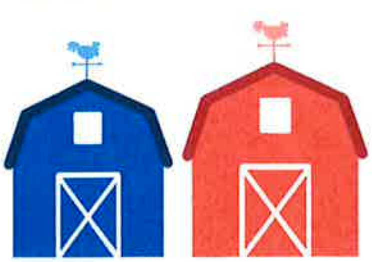
In the last 12 months, Chilliwack has had six sales: four bare land properties and two bare dairy farms. In 2014, farm prices have been holding steady. Prospective buyers can expect to see minimal change in bare land price per acre, which starts at $41,000. Prices for bare dairy properties depend on the quality of land and existing buildings. Prices for bare dairy now reach $63,000 per acre, which is an increase from last year. Chicken and dairy farms with quota continue to be in high demand. In particular, Chilliwack and the surrounding area are very popular due to good land value; property values are approaching record-setting territory.

Buyers in this region are typically existing owners planning to expand their operations. As such, days on the market have not changed significantly. Sales and prices in this region are expected to remain moderate.

PRICE PER ACRE

2013
$40K-$60K

2014
$41K-$63K



Source: RE/MAX Nyda Realty

PEACE RIVER NORTH

1. *Growing demand for agricultural land in Peace River North has resulted in a 10 per cent increase in price*
2. *Many transactions involve sellers retiring from farming*
3. *Boundary expansion in Fort St. John could cause values to skyrocket*

Demand for land in British Columbia's Peace River North has increased from previous years, but operational farm demand is in decline as more people are purchasing land for hobby and horse farms. This demand, met with a dip in supply, has resulted in an estimated 10 per cent increase in the price of farmland from previous years. Prices have steadily increased since spring, but the number of sales has dipped due to a lack of inventory.

Fort St. John, in particular, is in the midst of a boundary expansion plan. This could result in as many as nine quarters (or 1,440 acres) of land becoming part of the city for both residential and commercial uses. If recognized as part of the city, this land will exponentially increase in value, benefiting many retiring farmers who have held land in the region for many years. Buyers looking for larger plots of land should look farther from the city, as the price drops significantly on properties beyond the city border.

Prospective buyers looking for land with good soil quality and a house can pay up to $650,000 per quarter (or 160 acres). Prices range up to $250,000 for a quarter section of bare land, while a quarter section of predominantly bush ranges up to $120,000. Average days on the market for these properties have decreased minimally in the past year. This has been accompanied by a closer list-to-sale price ratio.

Buyers in this region are typically new operations moving in. In many cases, retiring veterans are selling their land and relocating closer to the city. Farm prices are expected to continue increasing in this region due to an increase in demand and a shortage of land.

PRICE PER ACRE

2013
$1,300-$1,350

2014
$750-$1,550

Source: RE/MAX Action Realty

ALBERTA

CENTRAL ALBERTA

1 *High demand and low supply continue to define central Alberta's agricultural real estate market*

2 *Well-financed farmers are eager to expand existing operations*

3 *Demand for recreational land increasing the price for marginal-quality farmland*

Values for farmland in central Alberta continue to be very strong as listings remain scarce. This trend often benefits sellers. While the price of wheat and other agricultural commodities has dropped off, strong prices from previous years still fuel the market and contribute to a lingering demand. A significant number of well-financed farmers looking to expand their operations continue to drive the market.

Many transactions are private and can escalate into bidding wars, not unlike those in Canada's hot residential markets. Prime agricultural land in central Alberta can sell for anywhere from $4,500 to $7,500 per acre, with most transactions falling in the $6,000 to $6,500 per acre range for 160-acre—or quarter section—parcels. Although these values are outside many potential buyers' comfort zones, those who want to be players in this market have little choice.

While demand for agricultural land has historically been high, a rapidly improving beef market will increase the price of grassland, which typically sells by the quarter section and starts at approximately $1,100 per acre. Grazing cattle will not be the only ones roaming central Alberta's grasslands—more and more people are drawn to these parcels for recreational purposes, putting more upward pressure on prices. Parcels with the right combination of forest, hills, creeks and other natural features can sell for upward of $500,000 per quarter section, making it difficult for beef operations to compete. These values speak to the robustness of the province's economy and to the frontier mentality drawing ordinary Albertans onto the land.

Central Alberta's tight seller's market is expected to continue for the foreseeable future. Farmland listings during this market cycle are expected to remain scarce. Provided the fall harvest is plentiful, demand will continue to outstrip supply. Even if the harvest does not hold up, a wholesale sell-off of land is not expected.

Many farmers considering retirement or leaving active farming have the financial means to retain their land holdings. Farmers who were once asset-rich and cash-poor are now able to comfortably retire or ride out any blips in commodity prices, leaving them with little motivation to sell.

PRICE PER ACRE

Source: RE/MAX Real Estate Central Alberta

SOUTHERN ALBERTA

1. *Above-average yields and low inventory contributing to seller's market*
2. *Many established family farmers have the means to purchase land*
3. *Favourable environment for sellers expected to continue for the foreseeable future*

Potential purchasers in Alberta's fertile south find themselves in a market characterized by low inventory and intense competition among fellow buyers. Buoyed by above-average yields and favourable prices for commodities including wheat and canola, many owners have found little incentive to sell. Those few who have listed their properties have been greeted by potential purchasers eager to pay a premium. Southern Alberta's seller's market is expected to continue through to the beginning of 2015, although prices are expected to level off should predicted yields not materialize or commodity prices fall.

Motivated buyers are in the market for a variety of types of land including irrigated land, dryland, native and tame grassland, as well as hay land. Irrigated land in Alberta's southeast—known as Canada's "irrigation capital"—sells for between $8,000 and $10,000 per acre with dryland prices increasing to $3,000 per acre north of Lethbridge and grassland approaching $1,000 to $1,500 per acre. Dryland is quickly becoming the most popular category of farmland among purchasers, most of which are family farmers. The majority of transactions recently involve parcels of land under 160 acres.

With the increasing use of technology and mechanization of farming, the price of land is regarded as simply one input cost that factors into running a successful business. Many farmers in the area approach a transaction with the financial means to pay for land outright, and those who require financing are able to access credit from Farm Credit Canada or the Agriculture Financial Services Corporation, a provincial crown corporation.

PRICE PER ACRE

Source: RE/MAX Real Estate - Lethbridge

SASKATCHEWAN

NORTHWEST/ CENTRAL WEST SASKATCHEWAN

1. *Lower commodity prices and tighter lending criteria lead to lower sales volumes*
2. *Modest price increases signify a departure from the enthusiasm of 2013*
3. *Uncertainty about the harvest is causing hesitation among buyers*

The number of sales in northwest and central west Saskatchewan has declined over the past 12 months, affected by lower prices for commodities including wheat and canola, and by tightened restrictions on the part of lenders. These two factors have changed the atmosphere among buyers, resulting in a marked shift compared with the aggressive buying in the previous year. Some pockets have sustained last year's brisk pace and prices on the whole have increased by $150 per acre compared with the same period last year.

Farmland in Saskatchewan is attractively priced when compared with other markets in Canada. Potential buyers find available land listed for around $1,800 per acre in the northwest and up to $2,200 per acre in the central west region with some small packages approaching $2,800 per acre for Regina clay land. Sections ranging from 160 to 640 acres have sold within 30 to 60 days, if priced competitively, although some optimistic sellers find their properties languishing in the listings for months due to high list prices.

Many buyers are established family farms looking to expand their operations. Tighter lending criteria has made it more difficult to purchase, and some lenders are asking for 25 per cent cash down payments as opposed to securing loans based on the value of existing assets. As a result, buyers often settle on smaller parcels.

Uncertainty about this year's harvest is leaving some potential buyers on the fence. Grasslands are predicted to sustain substantial interest among buyers on account of high cattle prices—a trend that will continue as long as cattle prices hold.

PRICE PER ACRE

Source: RE/MAX of the Battlefords

EAST CENTRAL SASKATCHEWAN

1 *East central Saskatchewan boasts some of Canada's least expensive farmland*

2 *Sale prices have increased by 10 per cent over the past 12 months*

3 *Modest market expected as investors are reluctant to make quick deals*

Saskatchewan is Canada's value capital when it comes to farmland, with pasture lands and lighter soils priced as low as $950 per acre. While cultivated lands have reached $2,550 per acre, the $1,150 per acre to $1,350 per acre range has proven to be the strongest segment for 2014.

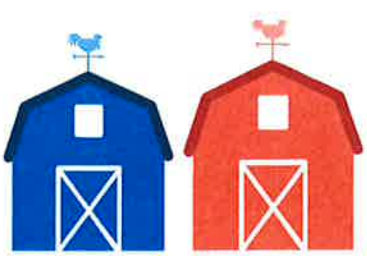
After a drier start to the year, storms and floods washed out roads and turned fields into small lakes in east central Saskatchewan. The subpar start to the growing season and the possibility of less than stellar harvest could put strain on many farmers here. Properties remained on the market longer in 2014 than in 2013, with some listings on the market in excess of six months. Grain prices, which have decreased substantially, have also affected the farm market, though properties on the lower end of the price spectrum have caught the attention of buyers. Established larger farming groups, however, still appear to have an appetite for paying a premium in order to set up operations in new areas.

On the whole, sale prices have increased by 10 per cent over 2013, although the market is expected to moderate as the year progresses and investors are more careful with their dollars. Many buyers in east central Saskatchewan are purchasing parcels to add to their existing operations, finding increased efficiencies when their holdings are around the 20 quarter—or 3,200 acres—mark. While many of these buyers are established family farmers, Asian-Canadians have entered the market as well. These buyers often rent out the land for the short term with the intention of taking over operations a few years down the road. Tighter lending criteria have impacted certain potential buyers although others—established farmers or investors—have not been fazed.

PRICE PER ACRE

2013
$850-$2,500

2014
$950-$2,550



Source: RE/MAX Blue Chip Realty

MANITOBA

SOUTHWEST MANITOBA

1. *Demand for farmland in southwest Manitoba has risen steadily over the past five years*
2. *Market expected to remain steady amid lower commodity prices*

The price of farmland in southwest Manitoba has risen from approximately $1,000 per acre five years ago to between $1,500 and $1,600 per acre, with some sellers testing the waters at the $2,000 per acre mark. However, prices for the area's most common commodities, which include wheat, barley, oats and canola, have decreased by 30 per cent over the past 12 months. Prospective sellers hope that the value of their land will reach $3,000 per acre, a price more common in areas to the east.

Many sellers are approaching retirement age with no children willing or able to take over the family business. The majority of prospective buyers comprise local farmers who are willing to wait for a deal as opposed to new entrants to the market. The result is that most farms remain on the market for at least 12 months, an increase over previous years. Deals are typically closed within the first few months of the year and it is rare for any transaction to be finalized after May 1. European buyers contributed to demand in the past, but their influence declined with the rise of the Canadian dollar against the euro, which began in 2010 and peaked in 2012 and 2013.

While government financing programs for young buyers exist, they offer few incentives for the average farmer, who is more likely to rely on a commercial lender.

The market is expected to remain steady in the near future, with no spike in either the number of sellers or new entrants to the market. While the price of crops does affect the demand and price for farmland, it generally takes six months to a year for the real estate market to respond. Experienced buyers look at long-term trends before making a purchase.

PRICE PER ACRE

Source: RE/MAX Valleyview Realty

ONTARIO

WINDSOR-ESSEX

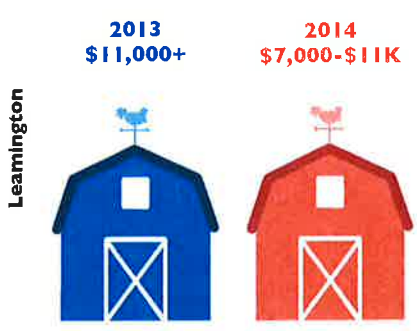
1. *Prices in Windsor-Essex remained steady in 2014*
2. *Area factory closure has motivated owners to shift from tomato crops to corn, beans and wheat production*
3. *Stable demand and limited supply has meant properties do not last long on the market*

The market for farmland in the Windsor-Essex region has experienced little change over the past 12 months. Steady demand and a lack of supply continued to define this part of Ontario, which is a gateway between eastern Michigan and the rest of the province. The past two years saw only three sales of farmland that did not contain a building or a structure and a handful of sales of properties with an attached structure. More and more, sellers are severing dwellings from land, choosing to sell a farmhouse on a one-acre lot separately from workable land. Additionally, the closure of a large ketchup factory in nearby Leamington has motivated farmers to pursue other cash crops. This change did not noticeably impact farm sales in 2014.

Bare land in the Lower Essex region continues to sell for $6,500 to $8,500 per acre, with plots that exchanged hands in 2014 ranging between 40 and 50 acres on average. Typically, sellers have been receiving nearly their asking price as buyers pursue cash crop land for corn, beans and wheat. The overwhelming demand and lack of supply has properties being picked off the market almost as quickly as they are put up for sale. These market conditions have resulted in an increase in private sales, without the involvement of a realtor.

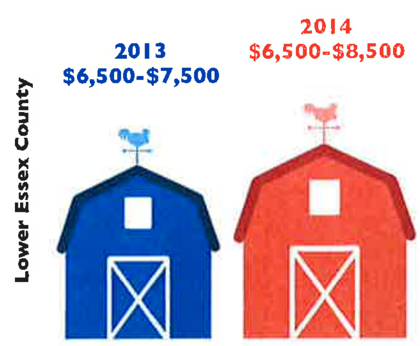
The Windsor-Essex region has experienced a trend of younger generations moving away to pursue higher education. As such, sellers are often older generations moving out of farming and into retirement. On the other hand, buyers in the Windsor-Essex region are farming veterans. The region rarely sees new farmers move in, rather, it sees existing farmers expand by buying more property. The market is not expected to change significantly over the coming months. It will continue to be characterized by stable demand and a lack of supply.

PRICE PER ACRE



Source: RE/MAX Preferred Realty Ltd.

PRICE PER ACRE



Source: RE/MAX Preferred Realty Ltd.

CHATHAM-KENT

1 *High demand for high quality land has caused prices to rise by as much as 100 per cent in some areas*

2 *Properties of all qualities are selling fast, often between three and six months*

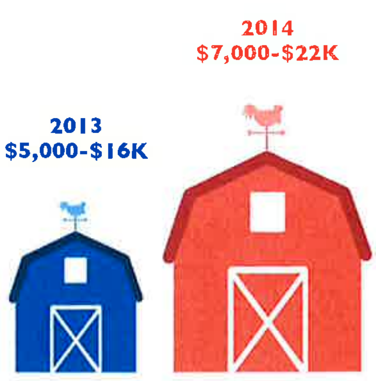
3 *Demand and prices in the area are expected to remain strong*

Agricultural land in Ontario's Chatham-Kent region is in high demand. Situated near the Windsor-Detroit border, this fertile corner of southwestern Ontario boasts a diversity of types of soil and some of Canada's most expensive farmland. High quality land in Dover Township and Chatham Township, typically used to grow tomatoes, cucumbers and other vegetables, sold between $18,000 and $22,000 per acre. Some owners of this high quality land were affected by the closure of the Heinz plant in nearby Leamington. Those farmers who lost their contracts with the ketchup giant were able to adapt, however, quickly switching to other crops.

Prices in Raleigh Township to the south, where wheat is more common, ranged between $12,000 and $15,000 per acre. In northern Lambeth, where the clay soil does not drain as well, prices were around the $7,000 per acre mark. Even marginal quality land sells quickly. At one point, sellers could expect listing periods of between three and six months. Today, reasonably priced land can attract a lineup within a very short period of time. One 150 acre farm in Lambeth sold two weeks after it was listed.

Prices in Chatham-Kent are on the rise, jumping by nearly 40 per cent on average and as much as 100 per cent in the Lambeth area. Potential purchasers are drawn by very good crops, low interest rates and Farm Credit Canada incentives for young people. The majority of buyers are farmers with operations in the area, seeking to add to holdings of between 300 and 500 acres. The most frequently sold parcels ranged from 50 to 75 acres. The market in Chatham-Kent is expected to remain robust in the near term, although prices are expected to level off, particularly as yields level off.

PRICE PER ACRE



Source: RE/MAX Chatham Kent Realty

HURON COUNTY

1. *Year-over-year price increases plateaued by mid-2014 amid weaker crop prices*
2. *Many buyers are family-owned operations seeking to expand*
3. *Hobby farms are becoming more difficult to finance*

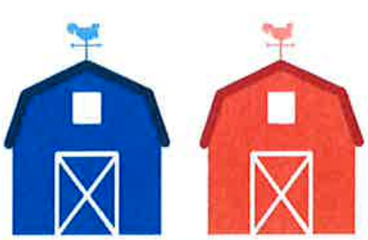
A cold and snowy winter failed to slow demand for farmland in Huron County. Although January 2014 began slower than the previous year, demand started to pick up in February. The price of land continued its three-year upward trend before flattening halfway through the year. Price per acre reached $15,000 at one point and some higher prices were recorded approaching Perth County. However, these highs softened by five to 10 per cent amid some hesitance brought on by weaker crop prices. Even so, properties in Huron County are going for more than farms in neighbouring Middlesex County.

Land for cash crops such as soybeans, corn and wheat is less expensive and more popular here than land used for dairy, feather or farms. Most sales are in the 100-acre range with small family farmers looking to sell when prices are high and sizable family operations looking to expand existing holdings. Some smaller farms are being purchased by new farmers and buyers looking to adopt the country lifestyle. Listing times are relatively short compared with other regions across Canada. Well-marketed and competitively priced farms have sold in the range of three to six weeks, a slight increase over 2013.

Commercial banks and Farm Credit Canada continue to play an important role in financing deals. Since the beginning of 2014, more than one transaction fell through based on the ability to secure financing. Hobby farms, where more than half of the value is derived from buildings on the land, are more difficult to finance. Demand in future months is expected to be steady, though prices are likely to remain flat or drop slightly in the medium term.

PRICE PER ACRE

2013	2014
N/A	$13.5K-$15K



Source: RE/MAX Centre City Realty Inc.

LONDON-ST. THOMAS

1. *Market held strong through the winter and farms continue to sell within one month*
2. *Foreign investors are looking to buy land with development potential*
3. *Lenders have been less enthusiastic about financing hobby farms*

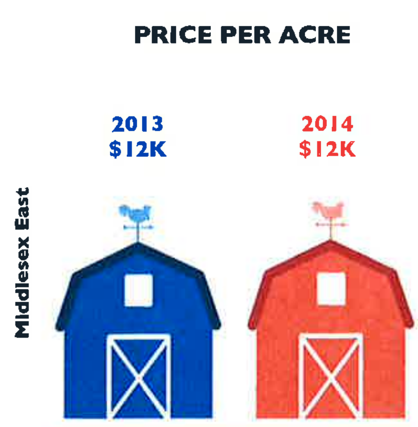
Demand for farmland in Ontario's lush London-St. Thomas area has held strong in 2014 despite the long winter. While sales were comparatively modest in January, the market picked up by February and sales rose as buyers continued to outnumber sellers. Edging Lake Huron to the north and Lake Erie to the south, the London-St. Thomas area is comprised of Middlesex County, Elgin County and Lambton County and is situated along Highway 401 between Toronto and Detroit, Canada's busiest corridor. Farms in this area sell for between $8,000 and $15,000 per acre, with the higher prices usually reserved for livestock operations in the region's north. However, land between $8,000 and $12,000 sold most briskly, with many purchasers adding parcels of around 100 acres to existing cash crop operations. Corn, wheat and soybeans are the most common cash crops, with soybeans proving to be most profitable in 2014.

Foreign investors continued to demonstrate some interest in acquiring farmland for the purpose of renting it out. This type of investment, however, became less and less profitable as sale prices approached $10,000 per acre. The trend has led investors to shift focus slightly onto properties with future development potential on the outskirts of cities and along the Highway 401 corridor—as opposed to productive farmland.

In general, farms in the London-St. Thomas area sell relatively quickly. The average property is on the market for one month or less, with six weeks being the upper limit. Retiring farmers make up the majority of sellers. Some of the smaller properties are being purchased either by hobby farmers or by new entrants to the farming business. Lenders have been more reluctant to finance hobby farms since more than half of their value is derived from the buildings on the land.

Tender and auction sales became notably less effective in the latter half of 2014, resulting in unsold properties. While demand will continue to be strong for the foreseeable future, prices are expected to remain steady or trend downward.

Source: RE/MAX Centre City Realty Inc.



Source: RE/MAX Centre City Realty Inc.

PRICE PER ACRE

Lambton North

2013
$11K

2014
$10K

Source: RE/MAX Centre City Realty Inc.

Lower Essex County

2013
$7,500

2014
$7,000

Source: RE/MAX Centre City Realty Inc.

Elgin County East

2013
$10K

2014
$10K

Source: RE/MAX Centre City Realty Inc.

Elgin County West

2013
$8,000

2014
$8,000

Source: RE/MAX Centre City Realty Inc.

WOODSTOCK-STRATFORD

1. *Challenging weather conditions have led to increased days on market, but no significant change in land prices*

2. *Sales of dairy and feather farms drove price increases, while cash crop properties have leveled off*

3. *Buyers are looking for proximity to highways, processing facilities and existing infrastructure*

A harsh winter in the Woodstock-Stratford area caused a significant decrease in activity among both buyers and sellers. Prices are nevertheless holding steady. Land is selling between $14,000 and $20,000 per acre, while dairy and feather farms are selling for higher prices on account of the buildings and other infrastructure on the land. The most popular price point is in the $15,000 to $16,000 range, as purchasers scoop up land offloaded by retiring farmers to add to their own operations. Proximity to highways and processing facilities can also boost sale prices.

Flat prices for crops, which include corn, wheat and soybeans, are having an impact as well. While prices have not dropped, many listings remain on the market longer than they would have a year earlier. Buyers are looking for convenience and feel no incentive to make a move unless it is truly the right property. For many, the right property, whether for a cash crop or dairy farm, is around 100 acres. Hobby farms ranging between 15 and 50 acres are popular in the Woodstock-Stratford as well.

While tighter lending criteria have affected the market to a degree, sustained low interest rates will continue to draw buyers. A positive harvest could boost prices, but an early frost could undercut recent momentum.

PRICE PER ACRE

Source: RE/MAX a-b Realty Ltd.

KITCHENER-WATERLOO

1. *Prices in Kitchener-Waterloo are leveling off as demand drops*
2. *Properties are staying on the market longer due to lack of demand*
3. *Hobby farms lead the way in sales volumes*

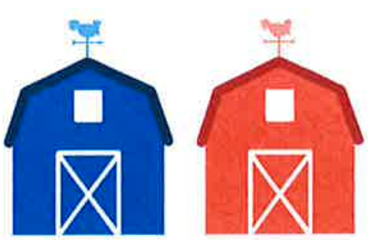
Demand for farmland in the Kitchener-Waterloo region declined between January and August 2014 compared with the same period in 2013. Prices per acre remain among the highest in Ontario, with farms selling between $14,000 and $18,000 per acre. The average listing period is between 90 to 100 days—an increase over the previous year. The Kitchener-Waterloo region is a juxtaposition of high tech companies and old world Mennonite charm. In its rolling rural sections, horses and buggies share the roads with tractors. In the summertime, Mennonite families can be seen working the fields or selling food, quilts or furniture at the regional farmers' market.

Potential buyers in Waterloo have seen prices hold steady, although the right property has been known to elicit competition, particularly among well-financed quota farmers. Some Mennonite families unable to afford the land here are relocating to other parts of Ontario.

Hobby farms have led the way in sales volume, with properties between 15 and 50 acres priced for under $1 million selling relatively briskly. These purchasers are mainly well-to-do city residents wanting to move to the country and either rent the land to local farmers or invest in horses and stables. This category of farm continues to be in demand, with shortages predicted for the near future. Interest rates as well prices for commodities grown in the area, which include corn, soybeans and wheat, have affected sales for larger farms. The proximity to urban centres continues to play a role in price. Cash crop farms outnumber livestock, dairy and feather operations, although the latter sell more quickly and are usually accompanied by more confident lenders.

PRICE PER ACRE

2013	2014
$15K-$18K	$14K-$18K



Source: RE/MAX Twin City Realty Inc.

BRUCE COUNTY

1. *High demand has tapered off as buyers and sellers differ on price*
2. *Unpredictable weather and uncertain harvest is causing buyers to hesitate*
3. *Potential buyers of hobby farms are finding it difficult to secure financing*

Throughout fall 2013 and into spring 2014, farmland in Bruce County was in high demand, with a high volume of sales. However, the region has seen its sales volume soften since spring as buyers and sellers differ on the price point. In some cases, sellers are asking for $9,000 to $10,000 per acre while potential buyers are seeking to pay between $6,500 and $8,000 per acre. Many properties are sold through traditional means, although there has been a rise the number in private sales.

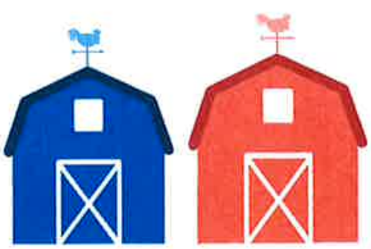
Bruce County is known for cash crops such as corn, wheat and soybean and livestock operations such as dairy, beef and hog. Prices have plateaued in this market and commodity values are a big reason for this. The late spring and unpredictable weather conditions have led to less than stellar production. Wheat production has been average and local farmers are optimistic for the fall season, but an early frost would be detrimental to crop maturity.

Tighter lending criteria have also made it more difficult for farms to change hands. The demand is there for smaller parcels, but buyers have been unable to secure financing for many types of farms, including hobby farms. This has hindered the hobby farm sales market. Successful buyers are typically existing operations looking to expand in the area.

PRICE PER ACRE

2013
$5,000-$9,000

2014
$6,500-$10K



Source: RE/MAX Land Exchange Ltd.

GREY COUNTY

1. *Average prices have increased by nearly 20 per cent*
2. *Prices for certain types of land have more than doubled in three years*
3. *Farmers migrating to Grey County to get a better price for comparable land quality are driving demand*

The market for agricultural properties in Grey County has been very strong in the past 12 months. There were over 75 sales in the first eight months of 2014, with properties ranging in size from 10-acre hobby farms to 200 acres for dairy farms that included milk quota. The majority of properties sold were between 50 and 100 acres. The price per acre ranged between $3,500 and $8,500, depending on soil quality, amount of workable land, type of existing farm activity and the condition of structures on the property. Population growth and ongoing urban sprawl continued to play a role in the rise of land prices.

Farmers growing corn, grains and beans are making land more productive by buying inferior farmland, clearing it and improving it with tile drainage. In Grey County, pasture land is being transformed into crop land; however, there is also a demand for high quality pasture fed livestock, which this region is well known for. There has been an influx of farmers selling their properties in southern Ontario regions at high prices and purchasing in Grey County, where land is currently not as expensive. This has increased the value of land substantially—a trend that is expected to continue. Average prices increased by nearly 20 per cent from the previous year and total sales have increased by over ten per cent.

Low interest rates and Farm Credit Young Farmer Loans, deferred payments, equipment loans and renting farm equipment continue to entice farmers to purchase property. Existing incentive programs assist younger family members to purchase the "home farm" at fair market value from their parents. Demand for farmland in Grey County is expected to remain steady throughout 2014. Scenic and peaceful Grey County is just being discovered and high quality, workable farmland, dairy farms, hobby farms and country retreats continue to be highly sought after.

PRICE PER ACRE

Source: RE/MAX Grey Bruce Realty Inc.

SOUTH SIMCOE

1. *Demand for agricultural land is strong as farms near the Greater Toronto Area sell to developers*
2. *Many buyers are established farmers seeking to expand existing operations*
3. *Demand and prices expected to increase for the foreseeable future*

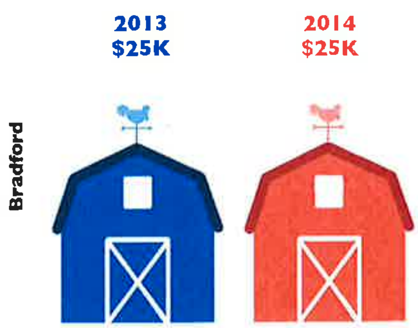
South Simcoe lies north of Toronto along Highway 400 including Barrie, Tottenham, Innisfil, Springwater and Bradford. In the past year, demand for farmland in this region has been extraordinary due to re-locations from developing areas. Recently, owners in Simcoe County have grown their operations significantly, buying smaller pieces of land from farmers moving out of the region to areas where land is cheaper. Popular crops in this area include soybeans, corn, wheat and hay and livestock operations such as dairy and poultry. Increasingly, farmland closer to Toronto, Bradford, Bolton and along Highway 400 is being sold to developers.

Nine farms have sold in 2014, compared to six sales in 2013. Currently, there are 20 properties listed for sale in South Simcoe, two of which are not considered workable farm properties. These properties range in function and price and average 100 acres in size. In Oro-Medonte, farms are selling for $6,000 to $8,000 per acre. In Springwater, located one kilometre north of Barrie, land per acre has sold for up to $54,000 for development, and $10,000 to $12,000 for farmland. In Essa, farmland sells for $12,000 to $20,000 per acre. As smaller operations move out of the area and larger operations absorb the land, existing dwellings are being severed from plots and sold as separate units, often on a single acre of land. These surplus farm dwellings are popular for horse farms and small riding arenas.

Demand for farmland in this region continues to increase as supply decreases. This demand is expected to stay steady in the coming months. Innovation in farm equipment is allowing farmers to plant and harvest more acres per day and dairy farms now have robotics to milk the cows. As such, farmers are able to maintain bigger plots of land.

PRICE PER ACRE

Source: RE/MAX Chay Realty Inc.



Source: RE/MAX Chay Realty Inc.

QUINTE

1. *High quality land at an affordable price provides excellent value amid soft commodity prices*
2. *Many buyers are established farmers seeking to add to existing holdings*
3. *Market is expected to be stable over the next 24 to 36 months*

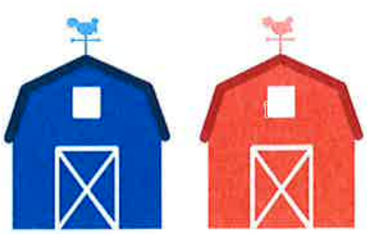
Prince Edward County and the Quinte area, nestled halfway between Toronto and Ottawa on the shores of Lake Ontario, present an excellent value proposition for potential purchasers. Cash crop farmers here find their land achieves nearly the same yields as in southwest Ontario at less than half the cost. This advantage has helped owners withstand the weaker sales volumes and lower prices experienced over the past 12 months for commodities like corn, wheat and soybeans. High quality farmland sells for $6,500 to $7,500 per acre, while land of a more modest quality sells for around $4,500 per acre, depending on how much of it is worked. Scrub land, more suitable for hobby farms than cash crops, sells for $1,500 per acre.

Prices for farmland in Quinte have softened relative to two years ago, when excellent conditions led the market to become saturated. Out of 16 farm sales over the past two years, only three of those occurred in 2014—two cash crop farms and one hobby farm. Cash crop farms for sale are typically between 150 and 300 acres. These established farms are being added to existing operations, which can range from 4,000 to 8,000 acres. Farms with only land usually sell faster than properties where there is value in buildings, though 30 months is considered to be a reasonable listing period in this part of Ontario.

Other purchasers include people who have sold their farms in southwest Ontario at a relative premium, as well as those with an interest in vineyards and wineries. While marginally higher Farm Credit Canada rates have caused potential buyers to take a second look at their books and ensure they are able to service their debt, demand in India and China for Canadian cash crops over the next ten years is expected to bring stability to the farm real estate market. This stability is expected to result in a buoyant, balanced market over the next two to three years.

PRICE PER ACRE

2013	2014
N/A	$1,500-$7,500



Source: RE/MAX Quinte Ltd.

STORMONT, DUNDAS AND GLENGARRY COUNTIES

1. *Prices increased in 2014 due to a shortage of available land*
2. *Highest prices in the area are closest to the Ontario-Quebec border*
3. *Cash crop farmers are expected to continue to grow operations, further driving demand*

Extraordinary demand and a shortage of available farmland have led to an increase in farm prices in Stormont, Dundas and Glengarry counties. These factors have resulted in more private sales in the region. Although the type of land ranges widely, the three counties are known for cash crops and dairy, chicken and pig operations. In this region, more farmers are transitioning away from dairy farming and instead are pursuing cash crops such as corn and soybeans.

Price per acre has jumped dramatically over the past five years due to the immense shortage of available land and it has continued to increase in 2014. This year, tile drained land has been selling for $7,000 to $17,000 per acre. However, prices vary in the three counties around Cornwall. In the western part of the region, land is selling for $7,000 to $10,000. Higher prices are found closer to the Ontario-Quebec border. Among other factors, the land near the border is widely known as some of the best farmland in the province.

Buyers in the area are almost always existing farmers expanding their operations. The transition from dairy farming to cash crops requires more land, so owners are pursuing any quality land they can get their hands on. Among this group in particular, the need for more land to sustain operations has grown in the past year. The size of available farms ranges drastically throughout the region.

The market in Stormont, Dundas and Glengarry is expected to follow a similar pattern through the end of 2014. The shortage of available land will continue to influence rising prices and cash crop farmers will continue to pursue expansion.

PRICE PER ACRE

2013	2014
N/A	$7,000-$17K

Source: RE/MAX Cornwall Realty Inc.

OTTAWA VALLEY

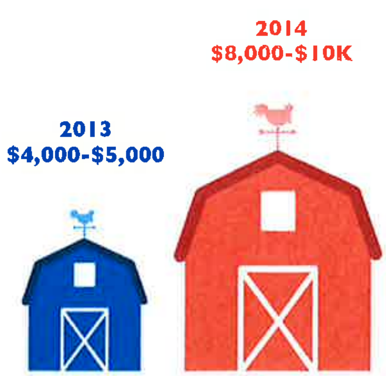
1. *Tile-drained land is selling briskly despite soft commodity prices*
2. *Area properties provide excellent value with less expensive prices for comparable quality to other parts of Ontario*
3. *Mennonites from southwestern Ontario are relocating to the region and establishing small communities*

Land in the Ottawa Valley is among the least expensive in Ontario, with farms selling for between $4,000 and $4,500 per acre in the Renfrew and Cobden areas. At this price point, potential buyers can either enter the market or add to their existing holding for a more modest expense compared with what it would cost in other parts of Ontario. The most common selling price for tile-drained land is marching upward toward $4,000 per acre despite a soft market for the commodities grown here—wheat, corn and soybeans. Farmers in the Ottawa Valley, not far from the nation's capital, are also diversifying into the organics and agri-tourism market. Moving toward the Ottawa and West Carlton areas, prices for tile-drained land rise to between $8,000 and $10,000 per acre, reaching up to $12,000 in the North Gower, Winchester, St. Isidore, Casselman and Maxville areas.

Farms sell relatively quickly with listing periods of roughly 30 days. Properties stay on the market longer if a seller is perceived to be overly optimistic with price, or if the land is seen to be of marginal quality. New purchasers in the market are Mennonites from southwestern Ontario drawn to the area by a lower price for comparable quality land. While some transactions involve realtors, some are private sales. Buyers are demanding farms between 100 and 200 acres, and prefer properties containing only land as opposed to land and buildings. Around 80 per cent of buyers are acquiring land to add to existing operations. The quality of the land itself is comparable with more expensive regions in Ontario, which is why this tile-drained, productive land is expected to climb to $6,000 per acre over the next several years.

Lending criteria continue to be agreeable to potential buyers. In this part of Canada, commercial banks—as opposed to Farm Credit Canada or provincial programs—are the primary lenders. Demand for land is expected to continue to be robust. The value and quality of the land in the Ottawa Valley will continue to draw purchasers regardless even if commodity prices remain flat.

PRICE PER ACRE



Source: RE/Max Metro City Realty Ltd.

NOVA SCOTIA

ANNAPOLIS VALLEY

1. *Prices for crops grown in the region have held steady over the past 12 months*
2. *Region has experienced a growth in the number of vineyards*
3. *A balanced market is expected, with increased demand in some areas*

Demand for farmland and selling prices in Nova Scotia's Annapolis Valley have held steady over the past year. Agricultural properties sold between $5,000 and $6,000 per acre in this relatively small market. Sale prices reached the $10,000 per acre mark, reinforcing the reality that there is always demand for high quality farmland in this part of the province, and even shortages in some areas.

Price is generally dictated by the quality of the land but can also be influenced by its proximity to the existing landholdings of a potential purchaser. Average days on the market varied among the three counties in the Annapolis Valley—Hants County, Kings County and Annapolis County. Typical agricultural properties are usually sold in plots 50 acres or larger, with hobby farms being around 20 acres. Over the past 12 months, there were five farm listings and one sale.

This region is known for growing fresh fruit and vegetables. Vintners have found the land to be suitable for growing grapes, leading to the establishment of new vineyards and the expansion of existing operations. Some prospective buyers in the region are simply looking for acreage and tend to already reside in Nova Scotia. This interest is boosting demand for properties with forest or agricultural land. The market for agricultural land is expected to be stable for the foreseeable future.

PRICE PER ACRE

Source: RE/MAX Advantage

CANADIAN FARMLAND - PRICE PER ACRE BY MARKET

Market	2012 Price Per Acre	2013 Price Per Acre	2014 Price Per Acre
BRITISH COLUMBIA			
Chilliwack-Fraser Valley	$40,000-$60,000	$40,000-$60,000	$41,000-$63,000
Peace River North	$1,250	$1,300-$1,350	$750-$1,550
ALBERTA			
Central Alberta	$2,000-$4,500	$3,400-$6,500	$4,500-$7,500
Southern Alberta	$800-$6,500	$800-$8,500	$1,000-$10,000
SASKATCHEWAN			
Northwest/central west Saskatchewan	$800-$1,500	$1,500-$2,000	$1,800-$2,200
East central Saskatchewan	$800-$2,000	$850-$2,500	$950-$2,550
MANITOBA			
Southwest Manitoba	$1,200-$1,500	$1,350-$1,600	$1,500-$2,000
ONTARIO			
Windsor-Essex County			
Leamington	$7,000-$10,000	$11,000+	$7,000-$11,000
Lower Essex County	$5,000-$5,500	$6,500-$7,500	$6,500-$8,500
Chatham-Kent	$4,000-$15,000	$5,000-$16,000	$7,000-$22,000
Huron County	N/A	N/A	$13,500-$15,000
London-St.Thomas			
Middlesex East	$10,500	$12,000	$12,000
Middlesex West	$7,500	$12,000	$8,500
Elgin County East	$8,500	$10,000	$10,000
Elgin County West	$6,500	$8,000	$8,000
Lambton North	$9,500	$11,000	$10,000
Lambton South	$5,900	$7,500	$7,000
Woodstock-Stratford	$15,000	$15,000-$18,000	$14,000-$20,000
Kitchener-Waterloo	$11,000-$15,000	$15,000-$18,000	$14,000-$18,000
Bruce County	$5,000-$8,000	$5,000-$9,000	$6,500-$10,000
Grey County	$3,000-$6,000	$3,500-$6,500	$3,500-$8,500
South Simcoe			
Barrie/Tottenham/Innisfil	$8,000-$10,000	$11,000	$10,000-$16,000
Bradford	$20,000	$25,000	$25,000
Quinte	N/A	N/A	$1,500-$7,500
Stormont, Dundas and Glengarry	N/A	N/A	$7,000-$17,000
Ottawa Valley			
Renfrew/Cobden	N/A	$3,000-$5,000	$4,000-$4,500
Ottawa/West Carleton	N/A	$4,000-$5,000	$8,000-$10,000
North Gower/Winchester/ St. Isidore/Casselman/Maxville	N/A	$8,000-$12,000	$10,000-$12,000
NOVA SCOTIA			
Annapolis Valley	$3,000-$8,000	$3,000-$8,000	$5,000-$10,000

BRITISH COLUMBIA

CHILLIWACK-FRASER VALLEY
Bryan VanHoepen | 604-858-7179
RE/MAX Nyda Realty

PEACE RIVER NORTH
Trevor Bolin | 250-785-5520
RE/MAX Action Realty

ALBERTA

CENTRAL ALBERTA
Ken Poffenroth | 403-350-0971
RE/MAX Real Estate Central Alberta

SOUTHERN ALBERTA
Allan Fox | 403-327-2221
RE/MAX Real Estate - Lethbridge

SASKATCHEWAN

NORTHWEST/CENTRAL WEST SASKATCHEWAN
Wally Lorenz | 306-446-8800
RE/MAX of the Battlefords

EAST CENTRAL SASKATCHEWAN
Ray Nordin | 306-783-6666
RE/MAX Blue Chip Realty

MANITOBA

SOUTHWEST MANITOBA
Ian Anderson | 204-764-2443
RE/MAX Valleyview Realty

ONTARIO

WINDSOR-ESSEX COUNTY
Kathy Talbot | 519-564-1766
RE/MAX Preferred Realty Ltd.

CHATHAM-KENT
Rick Strain | 519-352-2840
RE/MAX Chatham Kent Realty

HURON COUNTY
Ron Steenbergen and Phil Spoelstra | 519-667-1800
RE/MAX Centre City Realty Inc.

LONDON-ST. THOMAS
Ron Steenbergen and Phil Spoelstra | 519-667-1800
RE/MAX Centre City Realty Inc.

WOODSTOCK-STRATFORD
Kevin Williams | 519-572-2293
RE/MAX a-b Realty Ltd.

KITCHENER-WATERLOO
Richard Steinmann | 519-885-0200
RE/MAX Twin City Realty Inc.

BRUCE COUNTY
Eian Farrell | 519-396-8444
RE/MAX Land Exchange Ltd.

GREY COUNTY
Wendy McKee | 519-371-1202
RE/MAX Grey Bruce Realty Inc.

SOUTH SIMCOE
George Atkinson | 705-722-7100
RE/MAX Chay Realty Inc.

QUINTE
Ron Norton | 613-399-5900
RE/MAX Quinte Ltd.

STORMONT, DUNDAS AND GLENGARRY
Frank Prevost | 613-938-8100
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2014

Farmland Values Report

This report covers the period from January 1 to December 31, 2014.
For more information: 1-888-332-3301 or farmland-values@fcc-fac.ca

This report was published on April 13, 2015.

Introduction

Farm Credit Canada (FCC) understands the value of having access to solid market-value information when making management decisions. That's why FCC compiles and releases the Farmland Values Report. It tracks and highlights average changes in farmland values provincially and nationally and provides one source of information to help producers manage risk and make wise business decisions.

Price is only one factor that must be considered when purchasing land. Other factors include the location, the timing of an expansion, and the individual's financial situation and personal goals. Producers should do additional homework such as ensuring that budgets have room to flex if land prices or trends shift. Market conditions and trends can change rapidly and this can impact values.

This report describes changes from January 1 to December 31, 2014.

Methodology

In 1985, FCC established a system with 245 benchmark farm properties to monitor variations in bare land values across Canada. These parcels represent the most prevalent classes of agriculture soil in each part of the country.

FCC appraisers estimate market value using recent comparable sales. These sales must be arm's-length transactions. Once sales are selected, they're reviewed, analyzed and adjusted to the benchmark properties.

Land prices vary significantly between regions and provinces. That's why FCC measures provincial land value trends on a percentage basis. Reporting on the percentage change in value versus the average price per acre provides a more comparative national approach.

% Change in farmland values

Provinces	2014	2013
Alta.	8.8%	12.9%
B.C.	4.2%	3.0%
Man.	12.2%	25.6%
N.B.	8.0%	7.2%
N.L.	0.0%	0.0%
N.S.	7.0%	1.9%
Ont.	12.4%	15.9%
P.E.I.	9.3%	4.4%
Que.	15.7%	24.7%
Sask.	18.7%	28.5%
Canada	14.3%	22.1%

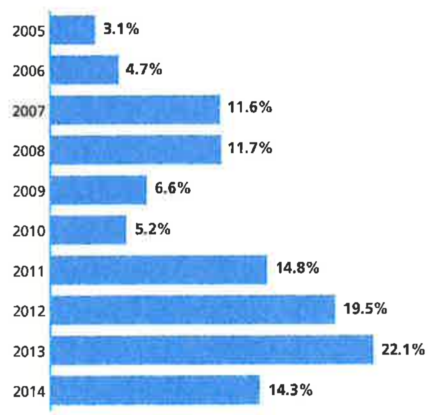
National trend

The average value of Canadian farmland increased 14.3% in 2014, following increases of 22.1% in 2013 and 19.5% in 2012. The overall average values have continued to increase in the country since 1993.

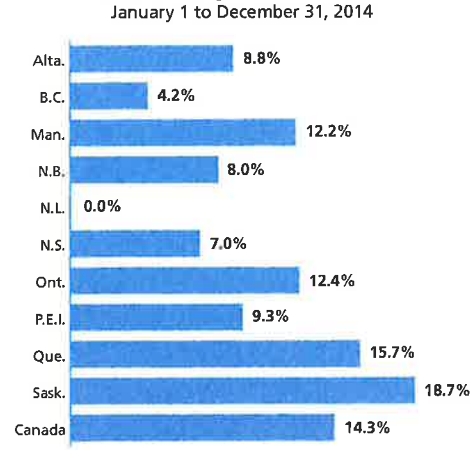
In all provinces, farmland values either increased or remained stable. Saskatchewan experienced the highest average increase at 18.7%, followed by Quebec at 15.7%, Ontario at 12.4% and Manitoba at 12.2%.

The average increase in Prince Edward Island was 9.3%, followed by Alberta at 8.8%. New Brunswick saw an increase of 8% and Nova Scotia saw average land values rise by 7%. British Columbia also saw values rise by 4.2% while Newfoundland and Labrador remained unchanged for the fourth year in a row.

Canada
Annual % change in farmland values



Provincial comparison of farmland values
Annual % change in farmland values
January 1 to December 31, 2014



Alberta

Alberta farmland values increased an average of 8.8% in 2014, following gains of 12.9% in 2013 and 13.3% in 2012. Values in the province have continued to climb since 1993.

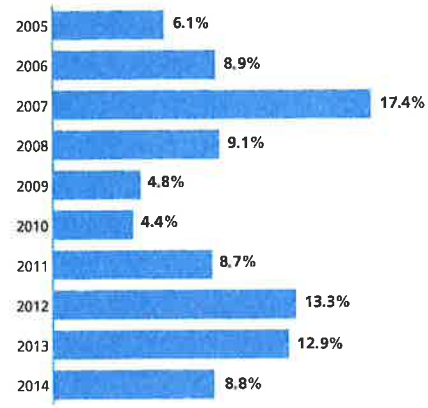
The rapid growth of values in the Peace region has stabilized. Large grain producers in the Central Peace region continued to expand, but appeared to wait for smaller parcels closer to their main operation rather than aggressively purchasing in new markets. Dry conditions reduced the 2014 harvest for the majority of the Peace region, resulting in more cautious purchases.

The Edmonton area saw moderate growth with most demand coming from competition for available grain land. This was also experienced in areas with poorer soil quality due to increased demand from the beef sector.

In southern Alberta, demand for irrigated land remained strong, especially from specialty crop producers looking to expand contracts. Traditional crop producers sought to purchase irrigated land due to the higher commodity prices seen in the first half of 2014. Dry land producers also contributed to a steady demand for farmland due to higher commodity prices and general optimism in the area.

Strong beef prices have increased the demand for pasture in the more traditional beef areas throughout the province. This was especially prevalent in the central to northern east portions of the province.

Alberta
Annual % change in farmland values



British Columbia

British Columbia farmland values increased an average of 4.2% in 2014, following increases of 3% in 2013 and 0.1% in 2012.

In general, the market for land on Vancouver Island remained soft, with the exception of a slight increase in value for good quality farmland.

In the lower mainland, including the Fraser Valley, farmland values remained relatively stable despite the moderation in demand.

The South Okanagan market continued to see a significant number of listings, but few sales in some localized areas which is indicative of slower demand. Other areas saw limited numbers of properties being marketed for sale, but demand was high, which helped maintain land prices. Marketability and price appeared to be driven primarily by location and agriculture's potential for producing high demand crops.

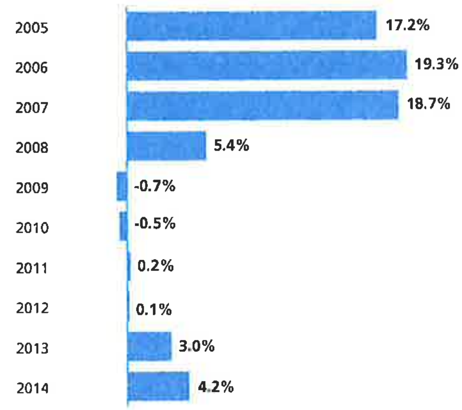
The Kootenay area saw a more active market in 2014, which was primarily focused on smaller holdings. Demand for orchards continued to be low, with sale listings remaining on the market for extended periods.

Prices in the Cariboo region of central B.C. stayed relatively stable in a slow farmland market. In a few localized areas there was increased demand for good quality land for intensive field crop production. This appeared to be influenced by an influx of buyers from other areas of B.C. where land prices were substantially higher.

The Northwest region of the province, including the Bulkley Valley, saw average demand in a reasonably active land market. Demand from beef operators and part-time farmers continued to be the main driver in this market.

The Peace River region continued to see values increase. Established local farmers looking to expand, and relocated and remote farmers looking for large farmland tracts, continued to compete for available farmland.

British Columbia
Annual % change in farmland values



Manitoba

Manitoba farmland values increased an average of 12.2% in 2014 continuing a trend of yearly increases since 1992. In 2013, values increased 25.6% following an identical increase in 2012.

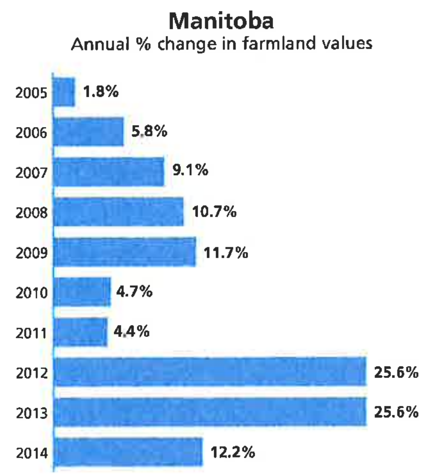
This rise in value occurred despite excess moisture, average to below average crop yields and quality across the province, and a decline in commodity prices. The increase was due to continued consolidation of farms and the majority of sales occurring in the early part of the year.

Western Manitoba saw varied crop yields and quality. Beef prices were strong, creating demand for pastureland. The oil producing areas also saw continued demand, despite excess moisture.

In the south central region, producers saw average to good yields in cereals, oilseeds and specialty crops, with the exception of winter wheat. Consolidation continued in this area, leading to some sales.

Demand for farmland remained strong in the eastern region despite the excess moisture in many areas. Yields were average to below average in the south and southeast and the quality of crops was generally below average. Consolidation also continued in this area.

The southern Interlake region saw average yields in the south and below average yields in the north, which was also affected by the excess moisture.



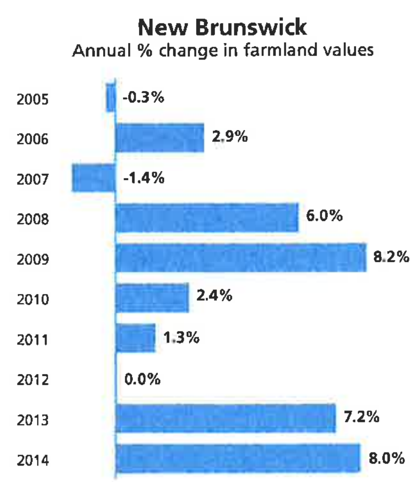
New Brunswick

New Brunswick farmland values increased an average of 8% in 2014, following an increase of 7.2% in 2013 and no increase in 2012. This was the highest year-over-year increase in the province since 2009.

2014 was an active year, with numerous sales occurring and a general increase in the value of farmland. Potato farming continued to be the dominant regional farming activity, along with some dairy, beef and mixed farming operations.

Farmland was particularly attractive to potato production for processing operations looking to obtain more land to improve their crop rotation schedule, allowing potatoes to be planted in the same ground every three years.

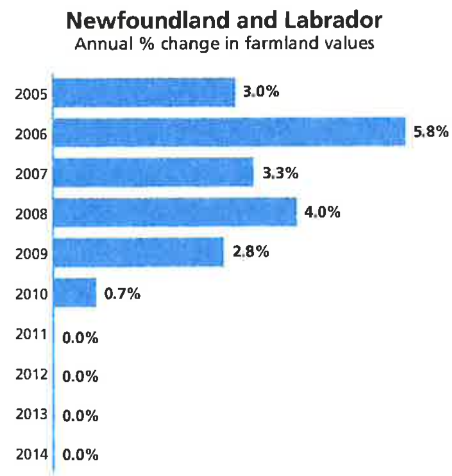
Farmers in other sectors, including dairy, also showed some interest in purchasing land, but appeared to have more difficulty matching the price level that could be justified by potato producers. Potato land was in demand because of its tendency to create better soil for growing forage corn.



Newfoundland and Labrador

Average farmland values in Newfoundland and Labrador remained unchanged in 2014. This is the fourth straight year there has been no change in values.

The province's Department of Natural Resources continued its Land Consolidation Program. The program is designed to acquire land from non-farm landowners and retiring farmers and lease it to active farming operations to help maintain productive agricultural land. Transactions were limited and none supported a change in values.



Nova Scotia

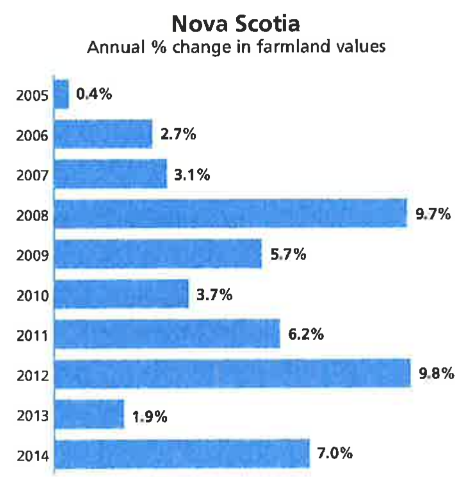
Nova Scotia farmland values increased an average of 7% in 2014, following increases of 1.9% in 2013 and 9.8% in 2012. This increase continues a trend of rising prices that began in 2005.

Land prices continued to rise steadily throughout 2014 as dairy, poultry and livestock producers appeared to compete for farmland. Therefore, while the number of sales was low, the prices paid for land were noticeably higher even in locations less favourable for intensive agriculture.

In the Colchester region, dairy farmers sought nearby parcels for growing grain or forage. The region also saw interest in small acreages and part-time operations. Vegetable and dairy producers were quick to acquire good quality parcels if they became available.

Farmland sold quickly in the Kentville area. Most demand was from the poultry industry, vegetable producers, fruit orchard owners, and other cash crop growers. Price increases over the past several years continued, although 2014 saw less activity than in the past two years.

Demand for land remained high in the Antigonish region. This is predominately a dairy production area, with beef, blueberries, horses and mixed farming operations. High feed costs, along with the need for quality forage land, kept demand high. Rebounding beef prices also improved returns, providing additional incentive for that industry.



Ontario

Ontario farmland values increased an average of 12.4% in 2014, following gains of 15.9% in 2013 and 30.1% in 2012. Average farmland values in the province have continued to rise since 1988.

In several areas of the province, demand for farmland significantly outweighed the supply, creating competition for available land. This, coupled with low interest rates, appeared to have played a role in rising values.

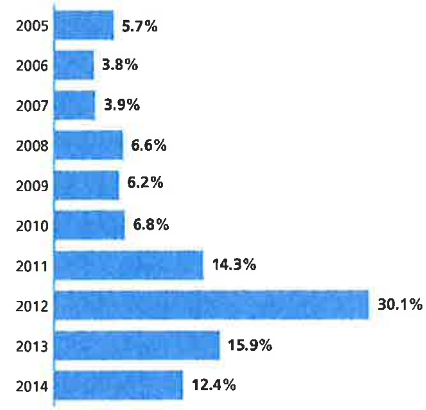
Demand came from many sectors, including large intensive livestock enterprises needing land for manure management and cropping requirements.

Non-agricultural buyers in southwestern Ontario continued to purchase farmland in select areas, creating greater overall competition for available land. Farmland in southern and central Ontario continued to be in high demand due to the availability of soil types that support high value crops.

Producers in eastern Ontario continued to expand, purchasing land in the immediate area and in neighbouring locations. Northern and eastern regions also saw prices rise as buyers from high-priced areas in southern and southwestern areas moved north in search of lower-priced land. Markets in the north appeared to be dominated by a small number of buyers who acquired land, contributing to the increase in price.

However, while most areas saw moderate to significant increases, there were some that saw slight declines or no change in value. Sales in the province were accomplished through a mix of transactions including real estate brokered, property auction and land sold through the tendering process.

Ontario
Annual % change in farmland values



Prince Edward Island

Farmland values in Prince Edward Island increased an average of 9.3% in 2014, the highest increase the province has seen since 1999. In 2013, values increased by 4.4% and in 2012, they increased by 9%.

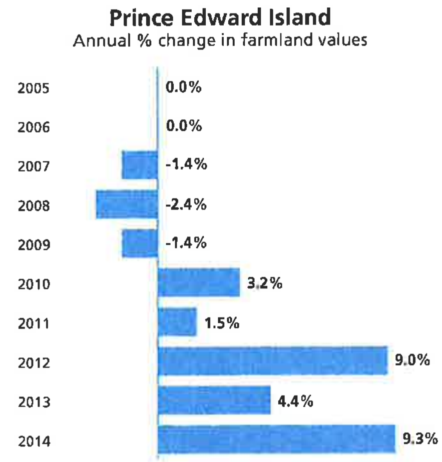
Despite the closure of an important potato processing plant, demand for land remained strong in 2014.

Many purchases included large sections of excellent quality potato land. Other purchases occurred when farmland owners chose to sell land they had previously been renting out; in these situations, competition tended to be very high.

Prince County saw a high number of farmland sales. While most of the higher-priced activity was within the Summerside and West Prince areas, locations with less intensive production also saw strong sales.

Farmland purchases in the Charlottetown area continued on a steady trend throughout 2014 with land close to the city limits demanding high prices. Crop producers acquired bare land parcels, while some non-farmers bought smaller farm acreages.

As well, a few farmers bought land while relocating to P.E.I., possibly due to lower land prices relative to some other locations in Canada.



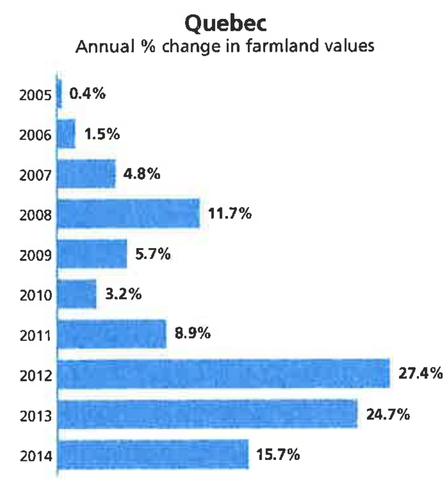
Quebec

Quebec farmland values increased an average of 15.7% in 2014, the second highest increase of all provinces. This followed increases of 24.7% in 2013 and 27.4% in 2012. Quebec has seen land prices rise every year since 1986.

In many regions of the province, the available supply of land was exceeded by demand, triggering higher prices for available farmland and creating a favourable environment for sellers. Historically low interest rates and the steady increase in land values may have contributed to continuing demand for agricultural land throughout Quebec.

As in recent years, land in Montérégie, Lanaudière and Centre-du-Québec continued to command high prices. However, in 2014, values rose throughout the entire province. Lower prices for corn and soybeans did not appear to deter producers from purchasing land in many regions.

While the presence of non-traditional buyers did contribute to the demand for farmland in certain areas, farmers purchased the great majority of farmland in 2014.



Saskatchewan

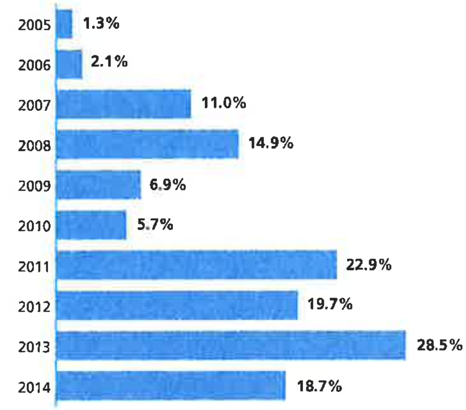
Saskatchewan farmland values increased an average of 18.7% in 2014, the second year in a row the province showed the highest increase in the country. In 2013, average values increased by 28.5% following a rise of 19.7% in 2012. Values have continued to rise in Saskatchewan since 2002.

While it appears the majority of the sales volume occurred during the early part of the year, there was continued activity that contributed to the overall annual increase in the latter part of the year.

Demand continued to be strong in areas where large producers were looking to expand and younger farmers continued to grow. There was continued interest from out-of-province buyers looking for productive land and land that also offered resource revenue. It appears low interest rates and all-time high rental rates increased the appetite to buy rather than rent.

Although average land values increased provincially, this did not occur in all areas. There were scattered pockets of the province where land prices appear to have stabilized, with minimal increases in value.

Saskatchewan
Annual % change in farmland values



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Canada

1985-2014

Historic Farmland Values

This report covers the period from 1985 to 2014.
For more information: 1-888-332-3301 or farmland-values@fcc-fac.ca
This report was published on April 13, 2015.

Historic national average % change in farmland values (1985-2014)

Year	Canada	Alta.	B.C.	Man.	N.B.	N.L.	N.S.	Ont.	P.E.I.	Que.	Sask.
1985	-8.8%	-8.3%	-13.7%	-7.3%	1.0%	0.0%	-4.3%	-9.4%	-11.4%	-1.0%	-10.3%
1986	-6.9%	-8.2%	-6.6%	-4.9%	-2.1%	0.0%	1.7%	-4.8%	-7.9%	1.4%	-8.3%
1987	-10.2%	-7.4%	-11.3%	-6.8%	0.6%	0.0%	2.1%	-3.9%	-7.5%	0.2%	-15.3%
1988	-7.3%	-8.2%	-1.3%	-11.3%	-0.1%	0.0%	2.6%	11.4%	1.0%	1.0%	-10.6%
1989	4.9%	5.7%	3.8%	6.1%	1.8%	0.0%	13.1%	23.8%	6.4%	4.3%	0.4%
1990	-2.7%	-1.1%	3.0%	3.5%	5.9%	0.0%	1.3%	0.8%	0.0%	4.1%	-6.9%
1991	-5.4%	-4.6%	3.6%	-2.8%	3.8%	6.1%	-1.3%	1.1%	0.0%	2.7%	-9.1%
1992	-2.1%	-3.2%	7.5%	2.4%	0.0%	-2.0%	0.0%	0.6%	5.2%	1.2%	-3.8%
1993	2.0%	1.9%	14.7%	2.6%	0.0%	-2.0%	0.0%	1.0%	0.0%	2.9%	1.6%
1994	8.5%	10.1%	10.3%	5.1%	3.6%	0.0%	0.0%	3.4%	21.3%	6.0%	9.5%
1995	10.0%	9.6%	13.6%	5.6%	24.1%	0.0%	2.2%	6.9%	8.5%	9.8%	11.9%
1996	11.3%	9.5%	9.8%	10.5%	16.3%	0.0%	4.0%	12.5%	0.0%	23.7%	11.0%
1997	8.0%	7.8%	10.5%	11.7%	7.3%	2.6%	6.9%	12.3%	5.8%	10.5%	5.5%
1998	2.7%	5.1%	-5.3%	3.4%	6.7%	1.7%	0.8%	4.7%	3.5%	9.2%	0.5%
1999	0.2%	5.7%	0.4%	0.7%	15.4%	2.3%	5.7%	2.1%	10.4%	12.9%	-4.8%
2000	1.5%	4.3%	4.4%	0.6%	8.9%	3.6%	2.5%	8.5%	2.7%	11.6%	-2.2%
2001	1.4%	4.2%	0.9%	0.3%	1.0%	2.3%	2.1%	4.8%	0.8%	10.0%	-1.5%
2002	5.3%	6.4%	4.6%	6.4%	1.2%	0.0%	0.0%	6.3%	0.8%	8.2%	3.9%
2003	3.8%	4.2%	4.6%	3.2%	4.8%	0.0%	2.4%	7.2%	1.5%	3.3%	3.1%
2004	4.6%	9.0%	9.4%	3.7%	2.6%	3.8%	0.0%	6.5%	0.0%	3.1%	1.9%
2005	3.1%	6.1%	17.2%	1.8%	-0.3%	3.0%	0.4%	5.7%	0.0%	0.4%	1.3%
2006	4.7%	8.9%	19.3%	5.8%	2.9%	5.8%	2.7%	3.8%	0.0%	1.5%	2.1%
2007	11.6%	17.4%	18.7%	9.1%	-1.4%	3.3%	3.1%	3.9%	-1.4%	4.8%	11.0%
2008	11.7%	9.1%	5.4%	10.7%	6.0%	4.0%	9.7%	6.6%	-2.4%	11.7%	14.9%
2009	6.6%	4.8%	-0.7%	11.7%	8.2%	2.8%	5.7%	6.2%	-1.4%	5.7%	6.9%
2010	5.2%	4.4%	-0.5%	4.7%	2.4%	0.7%	3.7%	6.8%	3.2%	3.2%	5.7%
2011	14.8%	8.7%	0.2%	4.4%	1.3%	0.0%	6.2%	14.3%	1.5%	8.9%	22.9%
2012	19.5%	13.3%	0.1%	25.6%	0.0%	0.0%	9.8%	30.1%	9.0%	27.4%	19.7%
2013	22.1%	12.9%	3.0%	25.6%	7.2%	0.0%	1.9%	15.9%	4.4%	24.7%	28.5%
2014	14.3%	8.8%	4.2%	12.2%	8.0%	0.0%	7.0%	12.4%	9.3%	15.7%	18.7%

Canadian farmland values: do the numbers add up?

APR

13

2015

FCC released its annual **Farmland Values Report** Monday. The national average farmland value increased 14% in 2014. This is a lower increase than the 22% increase FCC reported last year; but this is nonetheless a very sizeable appreciation. The patterns in farmland values differ across the country: Saskatchewan recorded an average increase of 19%, Ontario was at 12% while BC farmland showed an average gain of 4%.

Given the large increases reported over the past three years, is farmland potentially over-valued? The concept of "fair" valuation is elusive. But economists have a few tools to guide reflection on the topic.

One tool is the ratio of farmland price to crop receipts. It measures the market value of farmland for each dollar of crop receipts. There is no magic number for this ratio. Optimism around the future growth of productivity in crops, urban pressures on land, etc will generate ratios that are different across provinces. While we do not know what an ideal ratio looks like, we can look backwards to see what this ratio has been in the past; potentially gaining insights into current farmland valuation.

Consider farmland in Saskatchewan. There has been rapid appreciation of farmland values over the last few years. In fact, FCC reported average increases of 20%, 29% and 19% from 2012 to 2014, respectively. Putting these price increases next to the strength of crop receipts, we find that they are not inconsistent with what has been observed over the last 45 years. The 2014 price-to-receipts ratio is 5.8 while the average of the ratio between 1971 and 2014 has been 5.4. In other words, despite the strong price increases observed recently, history suggests that Saskatchewan farmland is not over-valued, given the recent strength in crop receipts.

The situation in Ontario is different. The ratio of farmland price to crop receipts was 19.1 in 2014, higher than the long-term average of 12.4. Results like this are cause for pause. Current low interest rates can help explain the strong valuation relative to crop receipts. A higher price-to-receipts ratio can be justified on the basis of expected growth in agriculture.

Making sweeping generalizations based on one financial measure is certainly not a smart strategy. Perhaps market valuations have exceeded their true economic values in some very specific areas. In some of the most expensive land areas, we cannot rule out the possibility that farmland values have peaked and that the market could moderate/retreat at some future point similar to what has happened recently in the U.S.

Profit margins for grains and oilseeds operations could continue to be lower than the 5-year average. Yet interest rates are expected to remain low and the weakness of the Canadian dollar support strong receipts. Sound financial planning and efforts to increase efficiencies should allow crop producers to envision the future with optimism and invest with good business judgement.

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